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ABSTRACT

This report deals with recommendations for resolutions to the problems and issues in higher education today, focusing on procedure and process, and emphasizing especially the role of the coordinating board as the intermediary between state governments and institutions. It also concentrates on the functions of planning, budget review, and program approval as having the most direct bearing on substantive developments in higher education. Although the guidelines are concerned essentially with the activities in which coordinating boards should now engage, they do point to future developments. For example, the authors anticipate increased federal support and they suggest some of the problems that this will create for state coordinating agencies. They also envisage the spread of state support for nonpublic higher education and the extension of planning and coordination to private colleges and universities.
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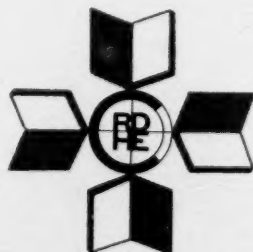
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Coordinating Higher Education for the '70s

*Multi-campus and Statewide
Guidelines for Practice*

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Preface

The authors view this report as a guide for political and institutional leaders as well as coordinating boards and their staffs. In it we offer a distillation of extensive research on structures and practices which, in our estimation, have proven most workable. We list in Chapter 1 and elsewhere some of the great issues and problems of higher education, but our recommendations deal with the means for seeking their resolutions, focusing on procedure and process rather than on the substantive results to be achieved. Many of the guidelines suggested are as generally applicable to governing boards, universities, and to other planning agencies as they are to coordinating boards, but, for reasons presented in Chapter 1, we have chosen to direct our recommendations to statewide coordinated systems for postsecondary education.

The conclusions drawn are those of the researchers alone rather than a negotiated document of an organized commission or council. The authors have done intensive research of 35 state systems and have been consultants to legislative committees or state study commissions on the subject in 25 states.

Among the readers who reviewed the document were state officials, college and university presidents, and professional coordinators, all of whose many comments and points of issue were gratefully received and carefully considered. They, of course, bear no responsibility for our conclusions or the model and alternatives recommended.

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Foreword

It is especially appropriate for the Center for Research and Development in Higher Education to issue guidelines for the statewide coordination of higher education, since several members of the Center's staff have been interested in the problems of coordination for many years. The origin of the Center's interest was the report of an intensive study of California's needs and resources for higher education.* This report emphasized the necessity of providing a highly diversified pattern of postsecondary education serving a wide range of personal and social needs. The report declared that the great need in public higher education is for constructive, cooperative, and comprehensive planning and for purposeful sharing, as well as purposeful division, of responsibilities. To this end, the report proposed both common and differential functions for the three groups of institutions comprising California's tripartite system of higher education—the community colleges, the state colleges, and the University of California—and underlined the necessity for establishing a coordinating mechanism which would foster diversified institutions and varied educational programs and coordinate the efforts of the three groups of institutions in providing the relevant educational services.

The first research program of the original Center for the Study of Higher Education at Berkeley was planned under the broad

*Holy, T. C., Semans, H. H., & McConnell, T. R. *A restudy of the needs of California in higher education*. Sacramento: State Department of Education, 1955.

title of "The Diversification of American Higher Education" under a subvention from the Carnegie Corporation. One of the major segments of this program was an investigation of the statewide coordination of higher education. The outcome of this study was the volume on *The autonomy of public colleges: The challenge of coordination* (1959) by Glenny, then associate professor of government at Sacramento State College. Glenny's investigation was the first large-scale examination of coordinating mechanisms and processes. He worked intensively in 12 states selected to provide examples of three patterns of organization for coordination—the single governing board; the coordinating board, sometimes called the super-board; and the voluntary agency. The procedures for gathering data included documentary analysis and interviews with governors and other state executive officers, chairmen of legislative committees, members of the central coordinating or governing body, and administrators of public and private institutions.

Published in 1959, Glenny's findings and recommendations constituted for more than a decade the major reference on statewide coordination. His forecasts and recommendations were remarkably prescient. He predicted that the increasing complexity and cost of higher education and of state government generally would hasten the creation of coordinating agencies in states that had none. When his report was published, some kind of coordinating mechanism existed in about one-third of the states. By 1969, 48 states had some type of coordinating agency. Among the major functions of coordination, Glenny had given the highest priority to planning, a function which the coordinating agencies then served least effectively. A decade later, a comprehensive investigation of coordination by Berdahl (1971) found that planning had become widely recognized as the most important function of coordinating agencies. However, a recent intensive study of coordination in California, Florida, Illinois, and New York revealed that only in Illinois had the coordinating board inaugurated a continuing planning process involving widespread participation of faculty members and administrative officers in both public and private institutions, as well as distinguished citizens and

representatives of interested organizations. The report of this study criticized current planning as essentially quantitative, for example, estimating the number of students to be served, instead of concentrating on issues of quality and substance in higher education (Palola, Lehmann, and Blischke, 1970).

Since Glenny's fundamental investigation appeared, other members of the Center's staff have conducted important investigations of planning and coordination. Paltridge (1966, 1968) conducted studies of coordination in California and Wisconsin. Medsker, director of the Center, directed a study in 1966 of the governance and coordination of California junior colleges.* The Center's most recent study of planning and coordination was directed by Palola (1970). In the meantime, several Center staff members had published papers on coordination, given addresses on the subject at professional meetings, and served as consultants to coordinating agencies, legislative committees, institutions and institutional systems, and government officials. Glenny, whose book inaugurated the Center's work on planning and coordination, became executive director of the Illinois Board of Higher Education. With this direct experience as a background, he has again turned to the problems of governance and coordination as staff member and associate director of the Center.

We now have at hand the second broad study of statewide coordination (1971), conducted by Berdahl (like Glenny, a political scientist) under the auspices of the American Council on Education. Berdahl and his staff conducted field research in 13 states, contracted with other scholars for field work in four additional states, and had access to independent studies in two others. The methods of investigation were essentially those used by Glenny, involving documentary analysis and interviews with approximately the same categories of interested parties approached by Glenny. Berdahl emphasized especially the role of the coordinating board as the intermediary between state government and institutions and concentrated on the functions of planning, budget review, and program approval as having the most direct bearing on substantive

*Medsker, L. L., & Clark, G. W. *State level governance of California junior colleges*. Berkeley: Center for Research and Development in Higher Education, University of California, August 1966.

developments in higher education. The major landmarks in the study of statewide coordination are the three investigations by Glenny, Palola, and Berdahl.

These, with the other Center studies and investigations made elsewhere, provide a research foundation for the guidelines addressed in this report to the several parties to the coordinating process—political leaders, college and university administrators, coordinating boards and their professional staffs, and the wide range of advisory committees that should be involved in planning and coordinating the state's resources for higher education. The four authors represent different academic backgrounds or disciplines, including sociology and political science. They brought to the preparation of this report the benefits of diverse direct experience with coordination. For example, they have served as faculty members in such differently coordinated and/or governed systems as those in California, New York, and Illinois. The principal author has served as the executive officer of one of the most important and effective statewide coordinating agencies. Berdahl has long been a student of the coordinating efforts of the British University Grants Committee and was co-author of a report on the governance of Canadian universities. In spite of this diversity in academic background and experience and, no doubt, in spite of some differences in points of view on particular aspects of coordination, the four authors have been able to agree on a general conceptual foundation and on practical guidelines for determining the membership of coordinating boards and the means by which these agencies should carry out the functions of planning, program review, and budgetary operation.

Beyond the broad area of agreement among the authors, there are still some important unresolved issues in organization and process which it is not the purpose of this volume to state or analyze. One may observe in passing, however, that research and experience have settled what was once a vigorous debate over the relative efficacy of voluntary versus statutory and of advisory versus regulatory coordinating agencies. To this writer and the four authors, a coordinating board, to be effective, must possess at least

the minimum powers set forth in Chapter 1 of this report. In fact, only one voluntary agency still exists, and, although 13 of the 27 agencies studied by Berdahl had still to be classified as essentially advisory, there has been a distinct trend to grant coordinating boards significant regulatory powers.

Although the guidelines are concerned essentially with the activities in which coordinating boards should now engage, they do point to future developments. For example, they anticipate increased federal support and suggest some of the problems that this will create for state coordinating agencies. They also envisage the spread of state support for nonpublic higher education and the extension of planning and coordination to private colleges and universities. Even more significantly for future decisionmaking in higher education, the authors emphasize the development of management information systems. For use in planning and allocation of resources, the development of these systems raises many questions, including these: How can productivity measures move from such factors as "the number of credit hours produced" or the number of students graduated to the measurement of a wide range of educational outcomes and to the assessment of quality of the educational product? To what extent will the development of common information systems place greater power in the hands of state finance departments and other governmental agencies, and what new relationships should be developed between these agencies and coordinating boards? Or, more generally, to what extent will fundamental educational decisions be made by academic administrators or administrators with other interests and backgrounds?

It is to be hoped that the same authors will address themselves more fully to these questions in a subsequent monograph. In the meantime, the guidelines they have prepared will be of immediate value to all those who must plan and monitor comprehensive systems of higher education.

T. R. McConnell

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Rationale for the Statewide Higher Education Coordinating Board

The first coordinating board to become operative for higher education was authorized by a constitutional amendment in Oklahoma in 1941.* By that time, each of 16 other states had already placed all of its public senior level institutions under a single statewide governing board. From 1941 to 1968 only four additional states created a statewide governing board for higher education, while 27 states authorized coordinating boards to bring order to the development of existing institutions and their governing boards. In addition, Michigan and Pennsylvania joined New York in creating a single governing-supervising board for all of public education—kindergarten through college.

This history indicates the recent overwhelming attraction of state legislatures for coordination of the various institutional governing boards rather than centralization into "One Big Board." A statewide governing board replaces all other governing boards. The single board controls internal affairs of the institutions and acts as their advocate to the public and to the state. On the other hand, coordinating boards are superimposed over the governing boards of the various public colleges and universities to coordinate their

*Kentucky authorized such a board in 1934, but it was not really activated until the 1950s.

activities in responding to state priorities of educational needs and resource allocation among the several institutions. Nothing in the few historical documents available indicates that a theory of coordination explored the substantive advantages of coordinating boards. Primarily, the politicians turned to coordination rather than centralization because of the ease of creating a coordinating board with certain limited statutory powers without disturbing long-established institutional governing boards, often composed of influential citizens. By this action, opposition to coordination by major institutions was tempered, no basic statutes were greatly disturbed, and constitutional amendments were avoided. As is so often the case, once a few states moved in this direction others soon followed—even to the point of adopting much of the language of earlier enabling statutes of other states.

CURRENT TRENDS

Rather unexpectedly, with little public debate and with limited professional study, three states have recently reversed the long trend toward coordinating boards by creating single statewide governing boards. Several other states are considering a similar move. Is this a sudden disillusionment with coordination? Have such boards failed, are they misunderstood, or do governing boards have superior attributes only now fully recognized?

While many related problems might be cited, we believe that student and faculty unrest and the increasing financial demands of colleges and universities led to the concomitant demand by the public, governors, and legislatures for greater and more certain accountability. The search for simplistic solutions for complex problems, a general characteristic of American politics, led to the resurgence of the idea that a single all-powerful governing board could be charged with full responsibility for all that happened in the public colleges and universities—the law-and-order view of the world. Also, the leading state universities, rather than opposing vociferously as they would have ten—or even five—years before,

seemed indifferent or even to favor the shift. Such reaction may have resulted from knowledge that the leading public universities in some states have been unable to control statewide coordinating policy and the expectation that under a single board they might at dominate the system .

ADVANTAGES OF COORDINATING BOARDS

It seems ironic that the higher education community that slavishly copied models of industrial corporation governance and control in the past should ignore current corporate patterns of decentralization into major and at times competing segments, especially of corporate conglomerates. Holding companies of conglomerates are at least as analogous to statewide coordinating boards as were the former corporate board, executive officer, and bureaucracy to those of the colleges and universities.

The complexities of modern industrial life are easily matched by higher education in most states. The vastly increased numbers of decisions that must be made in both spheres require myriad professional specialists as staff advisors and consultants and a variety of levels and places for long-range and operational decisionmaking. In both industry and higher education, structures of the coordinating type have proven more flexible, more adaptive, and more effective in planning than pyramidal hierarchies. Thus, no evidence we have acquired shows that single boards will in fact meet the expectations of the politicians.

On the contrary, we believe that, for most states, the shift away from the coordinating board would be a major policy error based on outmoded assumptions about organization and decision processes. The exceptions would be states that have few educational institutions, little population growth, and modest industrialization. Significantly, the three states that recently have opted for the single board are three of the nation's least complex educationally—Utah, West Virginia, and Maine. They join the 16 states already having

central governing boards, most of which are also less urbanized and less industrialized than the national averages. We found that institutions in these 16 states were as effectively governed as in other states but that because so much effort was devoted to governance and ministerial duties, little was left for effective long-range planning. In some of these states, even this defect is being remedied. We believe that, for the most part, the guidelines offered here will be relevant to statewide governing boards and their staffs as well as to coordinating boards.

The advantages we see for the coordinating board are based on extensive researches and analyses of statewide systems already in operation. Also guiding our evaluation of the governance structures were desires to anticipate future problems and changes and to determine which structures would best adapt to a scheme of postsecondary education very different from that existing today. Our research indicated a need for adaptive state structures for postsecondary education, which encourage rather than discourage basic modifications of existing educational patterns and which encompass far more of postsecondary education than the traditional public college and university system.

The coordinating board has one great paramount advantage over a statewide governing board for the public systems. That is its ability to act as an umbrella under which a variety of other institutions, agencies, commissions, and councils relating to higher education may be placed for state coordination. For example: Private colleges are demanding more attention from the states. They want scholarship and also direct grant programs that will funnel state money into their institutions. In some states they have already agreed to certain of the informational requests and controls already applicable to the public system. It becomes increasingly essential that these institutions become an integral part of the state's concern for the beneficent development of higher education. Also, the rapidly accelerating enrollments and the newly important role of the proprietary vocational and technical schools force the state to recognize and involve in its master planning their

potential contributions. The state may invite their cooperation in return for allowing the use of state scholarship and grant funds for students attending such institutions. The federal planning, grant, and categorical programs that require a state administrative commission "representative of all segments of postsecondary education" for control and disbursement of funds can also be absorbed by or come under the umbrella of the coordinating board. The state's own scholarship and loan commission, building authority, merit system commission, and others that deal primarily with postsecondary institutions can and should become a part of the coordinating complex. Finally, a coordination structure can effectively meet new demands that public and nonpublic colleges and universities, along with local public service agencies, business and industrial concerns, and citizen groups create cooperative and flexible arrangements for entirely new kinds of educational experiences and modes of planning and control.

Beyond encompassing these existing and potential agencies, coordination soon must deal with the impact of new technologies on education and their potential for extending education to the home, the office, churches, and cultural centers as easily as on college campuses. Also, management information systems and program budgeting will necessarily lead to a far more rational and comprehensive planning process, to promote the efficient management as well as effective use of the state's resources. These many agencies and interests are now haphazardly coordinated by the governor's office and the legislature. A single governing board for only the public institutions does not meet the principal needs just cited nor in most cases would it be legally possible for it to do so. But a coordinating board—appropriately composed, staffed, and operated—can meet them all.

ROLE OF COORDINATING BOARDS

Coordinating boards provide a vehicle through which both the public interests of the state and those of the educational community can be objectively and dispassionately considered and

acted upon. The board operates in a kind of no-man's-land between higher education and the state government. Its effectiveness depends on maintaining the confidence of both. If the board is consistently dominated by, or is thought to be dominated by, the higher educators (as are statewide governing boards), it loses credibility in the state capitol. Conversely, if the board consistently acts, or is thought to act, merely as an arm of state government, the institutions lose their cooperative spirit. Even though a board may find it virtually impossible to maintain a perfect equilibrium between these two forces, balance should be the goal. The board membership, the staff, the powers, and the advisory networks should all reflect this dual obligation. (In the long run, the balance also will be kept by the quality of the board's plans and studies based on essentially irrefutable evidence.)

The danger of creating a board with insufficient power is that the public interest will not be adequately protected; in creating a board with too much power, that the necessary autonomy and initiative of the institutions will be threatened.

The model of coordination presented here is derived from actual experiences encountered in states with coordinating boards and those with governing boards. We have attempted to strike an appropriate balance between strength and weakness and between the interests of the state and of institutions. Well aware that each state's traditions, modes of action, and philosophy may require alteration of recommended structures or practices, we have written some guidelines to present alternatives or suggest a course of action to find alternatives. Other specific guidelines, which represent a distillation of much experience, have our strong commitment. For example, we are insistent that the coordinating board be composed of a majority of lay citizens unconnected with any higher education institution or agency; that if at all possible within desirable size limits a lay member from each governing board also sit on the coordinating board (or at least some representation from the governing boards); that the staff of the board be relatively small but exceptionally competent; and that most of the actual planning

and policy suggestions come from the widespread use of ad hoc advisory committees, task forces, and study groups composed of experts in education and especially interested citizens at large.

POWERS NECESSARY FOR COORDINATION

As a participatory agency, the coordinating board must rely on widespread consensus for its decisions and on persuasion and cooperation rather than fiat and pure power for policy and implementation. Nevertheless, certain legal powers are necessary to the board to underpin and reinforce the intent of the state to plan and create a comprehensive system. We recommend that the board have the following minimum powers (listed here but elaborated on later): 1) to engage in continuous planning, both long-range and short-range; 2) to acquire information from all postsecondary institutions and agencies through the establishment of statewide management and data systems; 3) to review and approve new and existing degree programs, new campuses, extension centers, departments and centers of all public institutions, and, where substantial state aid is given, of all private institutions; 4) to review and make recommendations on any and all facets of both operating and capital budgets and, when requested by state authorities, present a consolidated budget for the whole system; and 5) to administer directly or have under its coordinative powers all state scholarship and grant programs to students, grant programs to nonpublic institutions, and all state-administered federal grant and aid programs.

Undoubtedly some in higher education will resolutely oppose investing these powers in a coordinating board. But in our view, the choice today is not between strengthening the coordinating board or retaining the status quo. Rather, the choice is between creating an effective coordinating board with at least these powers or seeing public higher education ingested into the executive branch of state government. The latter possibility emerges from a combination of trends: a steady increase in the power of the governor's office to provide closer supervision and control of all

state programs; a response to the increasing costs and complexity of higher education by tightening control over spending and program duplication; a surge of state interest and enactments setting up management information systems and requiring program budgeting; and a reaction to campus disorder by drawing higher education closer to state governmental control.

Strengthened coordination appears to be the best way to protect the public interest in higher education with minimum impairment of institutional autonomy. While the tendency is clearly to put power in the hands of the governor, he, in turn, needs an agency to coordinate all matters relating to postsecondary education. Executive budget offices and state development and economic planning agencies are too broad in scope to comprehend the individual institutional problems and issues, only a few of which are mentioned in this report. The state will be more effectively served by the instrument of coordination recommended here. At the same time, the institutions have a reasonable chance of avoiding the debilitating effect of political intervention and pressure by a governor moved by special interest groups and political faddism. Some boards now have referred to them for comment prior to action all or most legislative bills and gubernatorial orders affecting higher education. Such relationships are earned, not legislated, and call for exceptional competence and leadership at the board level.

LEGAL STATUS

In some states currently considering constitutional revision, questions have arisen over retaining constitutional autonomy for those institutions that now have it and/or extending it to the coordinating board and the institutions which do not. The issue is relevant because if the state university has constitutional autonomy and the coordinating board does not, effective planning and program review are not likely to take place because the board of the autonomous institution usually has full management and control jurisdiction over its campuses and, in theory, is free of all state controls except the obvious ones associated with state appropriations. If the coordinating board is given constitutional

If the coordinating board is given constitutional status and its powers are amply spelled out (as is true now only in Oklahoma), problems should not arise about its mandate to plan and coordinate the state system of higher education. On the other hand, statutory authorizations of the powers previously enumerated are sufficient for statewide coordination if none of the agencies or institutions to be coordinated has constitutional powers.

We also endorse institutional exemption from most state procedural controls (for example, pre-audits, central purchasing, central personnel), which are administered by state agencies other than the coordinating board, but only if explicit provisions are made for statewide coordination of the institutions' program development. On the other hand, if rapport between certain of the central state agencies (for example, purchasing and personnel) can be achieved, the institutions may be well served by the skills and expertise available.

JURISDICTION

To engage in effective planning and coordination, a board needs not only good staffing, membership, and powers but also appropriate jurisdiction. Most people properly assume that all the public four-year colleges and universities will be subject to coordinating board jurisdiction. These institutions may each be governed (as contrasted to coordinated) by a board, or several different institutions may be grouped under one governing board in a subsystem. Some states have several of these subsystems. Frequently, attempts are made to group only institutions with similar roles and missions in a subsystem, although this practice is by no means universal. Whatever the number and variety of substructures subject to coordinating board jurisdiction, the board and its staff should exercise power over institutions only through the official channels of the particular institution or subsystem. This means through the machinery respectively established and/or recognized by each of the governing boards. The total framework under the coordinating board is referred to in the literature as the

"state system." Our recommendation to use "official channels" is not to be interpreted as a limitation on the board's freedom to invite faculty members and administrators to serve on advisory and technical committees. Such invitations should be informally cleared through the college president but not be subject to his veto except under extraordinary circumstances.

Jurisdiction should also include the public community colleges, whether or not they are governed by a system separate from those of the senior level institutions. There are a number of issues which cut across the areas of the two-year and the four-year institutions, especially the articulation of programs and the ease with which students may transfer between them. A planning agency must have a legal charge that allows it to come to grips with such problems. Issues, such as differential admission standards, tuition fees, student programs, transferability of standards, and articulation require a perspective that includes at least all public postsecondary education.

In most states, however, even if the planning and coordinating charge includes all of public postsecondary education, it may be inadequate if the private sector is excluded. Most of the issues just mentioned plus many others, such as estimates of needed expansion in higher education, proliferation of high cost graduate programs, and education of out-of-state students, so intimately involve both public and private higher education that an effective coordinating board should be able to plan for both sectors. At minimum, all private colleges and universities should furnish information and plans to the board. As state aid to these institutions increases in volume of dollars, program coordination and other reviews may be required.

Recently, increased attention has been given to problems associated with vocational-technical education. Since this field is dealt with partly in secondary institutions and partly in higher institutions, especially community colleges, its problems have often been ignored. And worse, most state vocational-technical councils or boards have failed to allocate adequate funds to postsecondary

education, in which more vocational-technical programs are now found than in secondary education. With the greater emphasis on "universal higher education" and "in-and-out" education, it is imperative that the board focus its attention on vocational-technical programs, particularly as they relate to the community colleges. Thus, a coordinating board requires outright control of such funds or very close liaison with the office(s) most concerned with them.

The coordinating board also should enlarge its interest to take into consideration the whole field of nondegree and proprietary postsecondary education. Certainly any attempt to make long-range estimates of manpower needs and enrollment projections should take these numbers into account. With industry coming more deeply into the educational sphere, a coordinating board must assess its present and future contribution in terms of overall state needs.

One way to meet the preceding needs is to respond to another—that of developing continuing liaison between higher education and the elementary-secondary systems. There is a whole host of problems in this linkage besides the obvious ones relating to the transition of students from high school to college. State governments now ask that those planning for higher education and those responsible for elementary-secondary programs work more closely in presenting the state with integrated, coherent long-range planning for the entire educational scene.

The problem of integrated planning for all education could be handled in terms of administrative theory merely by placing both planning operations under one board. Three states now have this arrangement, and our appraisal of these state systems is that such a merger realizes few of the theoretical values, that it usually results in diminished quality in the planning of higher education, and that most of the necessary liaison between the two areas can be obtained by concerted efforts short of formal merger. We recommend, for example, in the next chapter on membership, that the state superintendent of public instruction be made an *ex officio* member of the coordinating board (and, parenthetically, that the executive director of the coordinating board be added *ex officio* to the state

board of education). In addition, cross-memberships between the two areas on technical study committees is highly desirable.

Perhaps the key jurisdictional issue between the coordinating board and the institutional boards is where to draw the dividing line between their respective powers and responsibilities. Some coordinating staff members, impatient with group processes and widespread participation by interested parties and often lacking skill in leadership and persuasion, seek increased power to intervene directly into the legitimate provinces of institutional governing boards and their staffs. The exercise of such power finally leads both legislators and institutional leaders to the conclusion that institutional governing boards are superfluous. Thus, the chief advantages of coordination have been lost to the state and to the institutions.

If the coordinating board is not to preempt the *raison d'être* of the institutional governing boards, it should stay out of the following matters (and if the law now allows these interventions, the board should use great restraint in exercising the powers): 1) student affairs, *except* general admissions standards, enrollment ceilings, and enrollment mixes applicable to the various systems and subsystems of institutions; 2) faculty affairs (hiring, promotion, tenure, dismissal, salaries), *except* general guidelines applicable to salaries; 3) selection and appointment of any person at the institutional or agency level, including the president or chief executive and board members; 4) approval of travel, in state or out of state, for staff of any institution; 5) planning of courses or programs, including their content, and selecting subjects of research; 6) presenting of arguments and supporting materials for institutional operating or capital budgets, *except* that the board should present and support its own recommendations on budgets; 7) contractual relationships for construction, land acquisition, equipment, and services; 8) general policing or maintenance of civil order on campus; and 9) negotiations and contractual relationships with unions representing institutional personnel, *except* that such negotiations may be conducted within guidelines and/or budgetary parameters set by the state or board.

Coordinating Board Membership and Organization

Membership and supporting staff of state coordinating boards are factors of prime importance to the successful implementation of a master plan and to maintenance of effective liaison between the educational community and the state government. The public's interest in the statewide availability of high quality postsecondary education, research, and professional training should be the overriding concern of each person selected to serve on this board. The members cannot be narrowly representative of particular institutions or special constituencies. While the members may be designated ex officio in recognition of certain needed areas of personal expertise or group identification, they should each serve as individual public servants rather than as surrogates for any entitled constituency. The quality of the professional staff is equally important; to expertly inform the judgments of the lay citizens and others who serve on the board, the staff must function competently and without bias in the many areas of higher educational decisionmaking.

MEMBERSHIP

The key issue in selecting board members is how to create a decisionmaking body that will provide collective leadership for higher education within the state and at the same time reconcile

the often divergent interests of students, educators, administrators, alumni, parents, industry and other employers of trained manpower, local communities and their officials, state fiscal officers, the governor, and the legislature. The board must be an advocate of the quality and the functional integrity of each higher education institution. Since the board's charge is to act as a liaison between the academic community and officials elected by the people to provide needed services at warrantable expense, it must serve each and retain the confidence of each. This calls for members having the highest qualifications in integrity, status, and leadership.

Most state coordinating boards have tended to be representative bodies, with the members of the board chosen to represent in some predetermined proportions the various institutional systems and other constituencies, such as the public, who have a concern in higher educational affairs. With numerous board reorganizations taking place throughout the country, there is a movement toward diminishing institutional representation in the composition of board membership and increasing the proportion of unaffiliated lay citizens.

In several cases, boards are now composed entirely of unaffiliated lay members. We feel that this composition has a disadvantage in that it is seen by the institutions as an impediment to a free flow of communications related to institutional plans, needs, and problems. Institutional membership on the coordinating boards is desirable to avoid a we-they syndrome and to provide channels for direct input of institutional information, attitudes, and values. It also "keeps honest" the executive officer who may control board policy by not telling both sides of an issue. Furthermore, if an essential degree of institutional autonomy is to be preserved and freedom to innovate encouraged, it is important that both faculty and administrators have clear channels of communication to this body. Such a channel may be provided for each institution or subsystem by allowing ex officio membership (voting) of one of the lay members of each institutional governing board.

To encourage ex officio members as well as those appointed by the governor to attend all meetings, proxy voting should not be allowed. Experience has shown that the practice of proxy voting can reduce the continuity of member attendance, produce undesirable voting blocs, and result in decisions based on less than full discussion of relevant information.

The length of terms to which coordinating board members are appointed will be determined to some extent by the political practices and traditions of the state and the tenure of members of institutional boards. To require that terms of service of members appointed by the governor be limited to the pleasure of the incumbent governor places the coordinating board too directly in the political arena and places in jeopardy the benefits of long-term planning. Appointments to staggered terms is a further safeguard to continuity in the planning and policymaking functions of the coordinating board.

Representation of Institutions or Other Educational Constituencies

While a primary function of state coordinating agencies is to assume certain control responsibilities related to the institutions of public higher education, the role of most coordinating agencies is and should be much broader and, hence, broad representation of educational constituencies is desirable. For example, comprehensive statewide planning must include the nature and extent of nonpublic higher education available in the state. Likewise, the role of both public and nonpublic higher institutions must be related to the high schools, the postsecondary vocational-technical schools, and, in some cases, the industrial training programs and proprietary schools.

It is important that there be clear and effective channels for input to the board of information and frequent communication with these other constituencies.

The problem of designating board membership often becomes one of numbers. With the governor's appointments commanding more than half of the total membership of the board, if the number of representatives from institutions and other educational constituencies is made too large, the total might be unworkably large. This, particularly, might be the case if a state has a large number of individually governed public universities and colleges or numerous subsystems. The nonpublic institutions are often members of an association that can select the institutional representation, or the governor can appoint representatives from a list of nominees provided by the association.

Local state situations will dictate the number and identity of the organizations of higher education that should be invited to membership on the coordinating board. If direct representation of institutions creates a board of more than 18 members, participation might be confined to membership on one or more of the advisory councils discussed later in this chapter.

Identity of Institutional Representatives

Contemporary coordinating boards in many states are outgrowths of former "voluntary" boards or associations of colleges and universities on which the member institutions were generally represented by their chief campus officers. These associations failed to fulfill the functions expected of them by state executives and legislators, primarily because they were often self-serving and so mutually respectful of each other's individual independence as to accomplish no significant fiscal or educational program review. Their failure resulted in the creation of statutory coordinating boards with certain powers and control prerogatives. Subsequently, through periodic revision or reorganization, coordinating boards have been drawn more into the official apparatus of state government and, at the same time, made more directly representative of the public of the state.

Many state legislatures, aware of the persuasiveness of college presidents, even when they constitute a minority on the

board, and mindful as well of their frequent place in the public limelight, have tended to prefer that lay trustees rather than professional administrators represent the institutions or institutional subsystems on statewide coordinating boards. Added momentum is sometimes given to this movement by nonpublic college bodies who more freely participate in statewide coordination if the institutional memberships on the boards are held by lay trustees rather than administrative officers of the public institutions.

In many cases, college and university presidents are effectively involved through creation of advisory councils that meet regularly and are provided with formal channels for consultation and communication with the coordinating board. Beyond this involvement, presidents should be encouraged to attend all meetings of the coordinating board so as to be available for consultation when matters requiring their opinions or professional expertness come before the board.

The identity of voting representatives of public and private institutions on the coordinating board is vitally important to the function of the agency and to the respect and confidence it commands with state officials and members of the legislature. Local tradition and pertinent contemporary situations must be considered carefully in addition to the general guidelines set forth below.

GUIDELINES FOR MEMBERSHIP SELECTION

1. A clear majority of the members of the coordinating board should be of extraordinary reputation and capacity not identified as trustees, faculty, or administrators of any public or private institution of postsecondary education. They should be appointed by the governor and confirmed by the upper house of the legislature.

2. Neither the governor nor members of the legislature should serve as members of the board that is technically advisory to them.

3. Depending upon the number of educational constituencies to be represented on the board, coordinating boards should be composed of between 9 and 18 persons.

4. All members of the board, regular or ex officio, should have a vote. No person should sit on the board who is not a voting member.

5. There should be an explicit prohibition of proxy voting.

6. Members of the board representing the public of the state should serve terms of not less than six years nor more than nine years and should be appointed in such a manner that terms will expire in staggered years. Board members representing institutional constituencies should be chosen every two years or so by their respective governing board or, in the case of nonpublic institutions, by an association or some other entity specified by those concerned or by the governor from a list of nominees furnished by such agency. There should be no prohibition on reappointment of any members.

7. Each system of public institutions should be asked to select one representative, preferably the chairman, to membership on the coordinating board.

8. If there is a separate system of postsecondary vocational-technical schools in the state, a member of its board or advisory council be an ex officio member of the coordinating board.

9. Depending on the level of state aid given, the nonpublic higher educational institutions in the state should be asked to select one or more lay representatives from their governing boards through the state association of nonpublic colleges and universities, or be appointed by the governor.

10. If the number of institutional and other agency

representatives creates a board exceeding 18 members, such representation should be eliminated and appropriate advisory committees formed in their stead.

ORGANIZATION OF THE BOARD

Selection of the chairman from the membership of the coordinating board is a decision of prime importance. The chairman should be capable of establishing harmonious working relationships between the board and higher education institutions, and especially with the governor and state legislature. This unique leadership role calls for strong personal qualities combined with educational and political experience. While some states allow the governor to appoint the chairman, it seems important to the integrity of the board that it select its own chairman. This selection should be informed by the political climate of the state.

The board should establish the mechanisms for informing all members on the issues coming before them for decision. A key organizational decision is whether the board should establish standing committees of its members, who routinely prepare recommendations coming from technical committees of the board or the staff who report directly to the board as a whole. The workload of most coordinating boards and staffs is such that technical committees will be needed for major policy issues, regardless of the committee organization of the board itself.

Standing committees of governing boards are usually related to the primary functions of the board—budget analysis, educational policy, student affairs, capital outlay, legislative liaison, etc. Such organization may have the advantage of allowing board members to develop more competence in a single field and to divide up the work of detailed analysis of proposals and recommendations before they appear on the agenda of the full board. However, in practice, many boards have found that much time is wasted in duplicated consideration of agenda items before both the standing

committee and later before the whole board. More importantly, danger arises from placing too much power in the hands of a small group, or even of one person, who can make de facto decisions for the board in vital areas of broad concern.

GUIDELINES FOR BOARD ORGANIZATION

1. The chairman of the board should be selected by a majority vote of the board membership.
2. The board should rely primarily upon its advisory network and upon ad hoc task forces and technical committees for information and recommendations rather than upon organization of its own members into standing committees.

ADVISORY NETWORK TO THE BOARD

In most states, the volume of work, especially during major planning phases, requires technical committees made up of experts and professional analysts in specialized fields. These groups should be appointed by the board (on recommendation of the staff) to advise the board and the staff on specific problems or issues assigned for their consideration. The amount of work and the complexity of individual problems will dictate the number and the assignments of such committees. Certain committees and councils are discussed in more detail in later chapters, dealing with the specific functions of coordination. It was suggested earlier that presidents of the higher education institutions not be placed in membership on the coordinating board but that they be invited to form an advisory committee so that their expertness and firsthand knowledge of institutional problems can be made available to the board. The status of such a committee is enhanced if it is authorized by law. This encourages presidents to attend and the board to listen to their advice.

Several coordinating boards also have formed general faculty advisory committees and student advisory committees to

introduce greater diversity of views and to facilitate execution of coordinating board recommendations. The inputs from such groups can be particularly valuable to the coordinating board in its decisions in areas such as year-round operations, salary guidelines, educational programs, student services, educational scholarships and loans, and other master planning activities.

Some boards have considered creating an advisory council composed of legislators, which would provide background information on state resources and offer advice on probable public reaction to various proposals. Such a council might also help the coordinating board create a more favorable climate for its proposals to the legislature. To the contrary, since the coordinating board's role in matters requiring legislative action is advisory to the legislature, the board should formulate its own positions prior to and independent of formal consultation with the legislature. Furthermore, since legislatures have their own standing committees on education and usually a subcommittee on higher education, the machinery for exchange of information and viewpoints already exists. The board's executive officer, of course, must work diligently with such committees in a liaison capacity.

A citizen advisory committee can be especially helpful in the conceptual stages of planning and in making its own views known on major planning policies. Surprisingly, perhaps, the coordinating boards that employ such committees have found them a useful sounding board prior to coming to their decisions.

GUIDELINES FOR THE ADVISORY NETWORK

1. The board should be empowered to appoint and allocate appropriate funds to technical committees as it deems necessary to compile and analyze data needed for its decisionmaking processes. These committees should work under general direction of the staff and render their report to the board.

2. The board should form and maintain three or four standing advisory committees, each of which meets regularly,

chooses its own chairman, and advises the board and staff on any matter relating to the general welfare of the state's higher educational system.

a. The presidents or chief executives of the public institutions and/or subsystems of institutions should comprise one committee, and on the same or a separate committee would serve some or all presidents of nonpublic colleges and universities, depending on their numbers in the state.

b. A faculty advisory council should be created, with representatives appointed by the faculty senates of each of the systems and groups of institutions represented in membership on the coordinating board.

c. A student advisory council representative of the students of each of the systems and groups of institutions represented in membership on the coordinating board should be appointed by appropriate student organizations.

d. For use in statewide planning, a citizens advisory council composed of citizen leaders showing interest in higher educational problems should be nominated by the board and staff and appointed by the board.

PROFESSIONAL STAFF

The professional qualifications of the board's executive director and his staff are the key to the successful coordinating board. For a predominantly lay board, the staff work must be competently performed, research and position papers expertly prepared, planning activities well organized and effectively supervised, the board fully informed prior to making decisions, and the intent of board policy implemented by staff. The board should seek out

as executive director a person of recognized national authority with professional experience in planning and in administration of higher education. He should command the respect and support of professional educators, as well as of state budget officials, legislative leaders, and the governor.

The director should be empowered to employ, with the approval of the board, a professional staff of sufficient size and competence to investigate independently all matters of primary concern to the board. Staff persons should have broad general knowledge of higher education and possess the ability to conceptualize higher education goals and analyze higher education problems. Among staff members should be specialists in educational planning, educational programs, budgeting, and other specialties related to the board's primary functions.

Even the largest states with complex higher educational systems do not require a large professional staff. Frequently, in fact, extraordinarily large staffs (over 20 professionals) become involved in details which more properly belong under institutional control. Detailed studies of particular problems should be commissioned by the staff to citizens and experts in the field. A staff large and diverse enough to undertake all research and analysis tasks becomes unwieldy, wasteful, narrow in perspective, and subject to criticism by institutions and state government.

Also, there may be advantages to the coordinating board in being able to move staff specialists from institutional or state departmental staffs to the coordinating board staff, either permanently or for specified periods. In these cases, arrangement should be made for such transfers without loss of employment benefits. The executive director, however, should exercise care so that such appointments do not reflect favoritism real or perceived. The coordinating board staff must function independently of the staffs of member institutions or of state administrative offices.

The duties and responsibilities of the executive director and his professional associates should be clearly understood as *staff*

to the board. Staff members should not be empowered to make commitments on behalf of the board or enter into any binding agreements with institutions, state officials, or other persons or agencies without the explicit approval of the board. With board authorization, the staff exercises line functions with the institutions and other agencies within the coordinated structure.

GUIDELINES FOR STAFFING THE BOARD

1. The board should select and employ an executive director of the highest professional qualifications to serve at the pleasure of the board. Employment contracts may be appropriate, provided they contain provisions for termination in unanticipated circumstances and income protection for the individual. The salary level for this position should be commensurate with that of the highest group of salaries paid to chief institutional administrators in the public higher education systems in the state.

2. Principal staff members, particularly specialists in areas of planning, budgeting, and academic affairs, should be recruited from position specifications comparable to the highest standards required for such positions in the major university staffs and the professional staffs of state administrative offices. Perquisites, particularly as they relate to retirement and other employment benefits, should be comparable. Provision should be made for possible movement of key staff members from state or institutional staffs to the coordinating board staff and back again without loss of retirement or other benefits.

Planning

Planning is the most important function of statewide coordination, for it provides the operational base and guidelines for which all other functions constitute implementing instruments. With the appropriate foundation, functions such as program approval and budget review can be applied as the concrete means for achieving specific planning goals and purposes. Approval and review activities are often carried out inadequately because ad hoc issues and considerations are allowed to be the determinants for decisionmaking. Under a system of continuous master planning, such activities more readily function as means to accomplishing definite tasks rather than as ends in themselves. For program and budget review to serve this function, however, long-range planning goals must be clearly stated along with a step-by-step approach to them through the achievement of more limited objectives.

Hence, great care, much effort, and diligent application of the best talent and skills available are needed to develop plans that are viable over time, that carry authority in the state, and that attract the support and cooperation of the educational community. The quality of coordination itself reflects the quality and continuity of the planning effort.

Quality planning relies not only on management science but also on highly imaginative and creative people with a flair for the art of planning and highly sensitive to appropriate structures

and organization in an ever-changing kaleidoscope of institutions, constituents, faculties, legislators, executives, and citizens.

SOME PLANNING ISSUES

During the 1960s planning at the state level was devoted primarily to expanding the number of student places in higher education to meet unprecedented increases in enrollments. Only secondary consideration was given to the applicability of the traditional programs and services to the changing characteristics of the young people enrolling. The need to become more mobile in the society caused larger and larger proportions of youth outside the traditional white, middle class college-going group to enter postsecondary institutions. In the 1970s an even greater proportion of such students will be enrolled. They present a challenge to planners to meet their quite different and highly diverse needs.

Moreover, the accelerating rate of revision in the values, attitudes, and life styles of the larger society must also be heeded as planners look to the future. Not only will the content of courses and programs be subject to review and renewal by institutions; coordinating boards must consider the whole spectrum of educational opportunities and experiences to be made available through various institutions and agencies. This requires looking beyond what formerly has been considered higher education to the proprietary and industrial educational and training options as well as to those of nonprofit institutes, colleges, schools, and conservatories. The total of postsecondary education must be the scope of planning activity, not merely the colleges and universities that award academic degrees.

The enrollments to be accommodated in some way during the early 1970s will increase very substantially. In terms of sheer numbers the problem is similar to the previous decade. Consequently, planning for expansion in terms of student places or opportunity will remain an important planning activity. In addition, we mention just a few of the many issues that state and institutional

planners must confront and the vast range of ideas and the amount of substantive change they must accommodate in planning for the 1970s. Planners must face the challenge of 1) increasing the amount of diversity in education programs and types of institutions; 2) caring for and adapting to the wide spectrum of interests and values of the new student bodies; 3) developing new educational means and experiences appropriate for the society of the future; 4) cultivating the external degree, education on the job, internship experience, and public service activity in meeting new needs; 5) improving the quality of undergraduate education; 6) providing for ease of transfer between institutions and programs and encouraging the in-and-out lifetime student in pursuit of his goals; 7) establishing, maintaining, and discontinuing graduate and professional programs to meet manpower and personal needs without oversupplying or undersupplying the market; 8) funding research and public service activity and directing it toward fundamental social problems *and* basic theoretical concepts; 9) determining the need for and type of physical facilities required for the in-and-out student, the external degree, and the work-study concept as well as the more traditional collegiate experiences; 10) making optimal use of new media and technologies for instruction; 11) terminating unproductive, obsolete, or unnecessary duplicative programs; and 12) setting the financial obligations of the student as against the state and determining the part that grants, scholarships, and loans must play in any changed financial arrangement.

These problems and many others beset the states already, for example, the size of campus student bodies, the line relationships of chancellors and presidents in multicampus subsystems, the control of vocational-technical funds for postsecondary purposes. The number and severity of problems are likely to increase rather than decrease and will be more difficult to deal with politically rather than less so. Planning, of necessity, must be far more intense and more comprehensive than it has been in the past.

APPROACHES TO STATEWIDE PLANNING

Various approaches have been used to develop statewide plans. Some states have relied heavily on the services of an ad

hoc group of outside consultants or on a consulting firm. In general, this strategy is followed by states that do not have adequate planning staffs and related resources or when political issues about the future of higher education have become so heated and the atmosphere so tense that an outside perspective seems needed. This approach has two major disadvantages. First, plans made by outsiders are not readily accepted and subsequently implemented by professional persons in the state. Second, overdependence on outsiders erodes leadership within the coordinating agency and the state. Each state needs a cadre of leaders who can effectively plan higher education matters.

Other states have appointed a special in-state commission. Such a commission is usually composed of prominent laymen and educators from the state with a few out-of-state members as consultants. This approach allows reliance on in-state personnel, who presumably are aware of local problems and who can help develop political support for the long-range plans. However, it also has its liabilities, the chief being that the commission will not be the agency with authority to implement the plans. Failure to face up to this fact probably accounts for the frequent shelving or lack of compliance with commission plans. Furthermore, sole reliance on the commission approach means that state planning becomes a periodic rather than a continuous activity. Continuity and consistency between planning periods is significantly weakened by this strategy.

The coordinating board approach is the one fully detailed in this chapter. We believe that the benefits of outside consultants, the fresh views on all educational matters, and political support for plans can be obtained by certain procedural techniques applied by the state coordinating board. The board and its staff should be the chief planners. If state law does not now specify that planning is the chief function of the board, it nevertheless should be so considered. The director and staff should be chosen primarily with this duty in mind.

The advantages of keeping the direction of planning activity "in house" exceed the advantages of any other alternative. First, planning can be a continuous process able to meet the challenge of the myriad changes taking place in attitudes, structures, and content relating to postsecondary education. Periodic master plans become outmoded quickly and tend to deter adaptation to new needs of students and a changing society. They also fail to contain self-correction for errors in assumptions and recommendations of the plan itself. The state may live with these deficiencies for years awaiting a new study.

Second, planning competence in the agency and the state can be greatly enhanced and planning resources developed in institutions and other agencies of postsecondary education. Outside agents have little interest in these important secondary outcomes.

Third, the same agency with legal responsibility for planning also has the responsibility for implementing the plans. There is no ignoring the plan, shelving it, or negating in practice the intent of the plan, especially if the agency has power to approve and disapprove programs and to review budgets.

Fourth, the board itself becomes the chief resource for the political leaders of the state seeking advice on current policy issues. Resolution of the issues within master plan guidelines offers assurance to the politicians that they are not responding capriciously to personal self-interests or interests of particular institutions or constituents.

Last, the state creates a resource upon which it can rely for professional and technical information, for leadership in matters upon which institutions and subsystems may disagree, for speedy alteration of plans as emergencies or sudden changes occur, and for rallying public support and understanding for postsecondary education through the processes it uses and the plans it formulates.

Beyond these substantive issues, boards will be faced with critical problems concerning new management information systems

and budgeting techniques. New outlooks and procedures will be required as the data systems discussed in Chapter 6 become operable in most states and as state governments adopt planning, programming, and budgeting systems (PPBS), as some already have.

Objectives and desired outcomes in plans and programs will have to be much more specific and much more closely identified with the exact resources required for their achievement. The boards have a particularly serious challenge to establish goals because of their intrinsic value to the individual and the society rather than allow PPBS and management-by-objective techniques to determine the goals and outcomes because they happen to be measurable with current instruments.

SCOPE AND LIMITS OF PLANNING ACTIVITIES

Master planning involves the identification of key problems, the accumulation of accurate data about those problems, the analysis of their interrelationships, the extrapolation of future alternatives that might emerge out of present conditions, the assessment of the probable consequences of introducing new variables, the choice of the most desirable modified alternatives as the basic goals, a sequential plan for implementing the desired goals, and a built-in feedback system for periodically reevaluating the goals selected and the means used to achieve them. A master plan is the cumulative integration of the plans produced from a series of special (cyclical) planning efforts.

This kind of comprehensive master planning requires both strategic and tactical planning, according to recommendations by the Education Commission of the States (1971), a task force on which three of the authors served and whose recommendations are fully endorsed here. Their conclusions appear in "Comprehensive Planning for Postsecondary Education," in *Higher Education in the States*. Strategic planning provides the framework within which tactical planning is developed and implemented. The former is subject to few changes (if any) between major planning cycles and

reflects the state's fundamental assumptions about postsecondary education; the long-range societal objectives and goals; and the principal missions, roles, and functions of all educational institutions and agencies. In other words, it establishes the fundamental premises, value judgments, philosophies, and purposes for which tactical planning devises the means toward achievement.

Tactical planning takes place within the parameters of strategic planning. Its elements include short- and intermediate-range goals, developmental time frames, and step-by-step means for achieving goals. Tactical planning may be concerned with any element of postsecondary education. Care must be exercised to insure that when tactical decisions amend or void strategic concepts, all interested parties are fully cognizant of such proposed changes and are given public opportunity to debate their desirability.

We look upon strategic planning as periodic, occurring once every five to ten years, and tactical planning as a continuous process but cyclical in the sense that a whole master plan or all the problems conceived would not be attacked simultaneously. Rather, tactical planners would confront problems of the highest priority in each cycle so that cumulatively their resolution leads to fulfillment of the long-range strategic goals and purposes. These latter ends should be reviewed in each cycle and amended when necessary but should not become the main focus of cyclical planning.

GUIDELINES FOR THE SCOPE OF PLANNING

1. The board should develop a comprehensive long-range plan for postsecondary education, including the fundamental assumptions; long-range societal goals; and the principal missions, roles, and functions of all institutions concerned with postsecondary education.
2. The board should engage in continuous planning (short cycles of one or two years) to implement the long-range plan by confronting a series of high priority problems and issues whose resolution will cumulatively lead to the goals of the long-range comprehensive plan.

PROCEDURAL ISSUES

Several important procedural issues relating to planning were dealt with in the previous discussion of who or what agency should do the planning at the state level. We recommend that the board itself be the responsible party. Logically, the board and its staff should conduct, direct, and supervise the development of plans but should do so advised by as much critical and imaginative thinking as can be brought to bear on the issues. Our research indicates that widespread participation in the process by experts and citizens produces better plans, creates more political support for them, and generates broader public and institutional understanding and cooperation than any other means. To gain these ends, outside participation in board planning must be meaningful. It cannot be for purposes of window dressing or superficial involvement. While all views and recommendations of those involved cannot be included in a final plan, every person must feel that his contributions have been considered seriously and have been altered or omitted for sound planning reasons.

Of all the parties that should be engaged in the planning process, the institutional constituencies often present the greatest problem. Some states have done little more than require that each institution (or subsystem) create its own master plan and subsequently gather these individual plans into a single document to create a master plan. Other states have opted for the opposite extreme by involving institutional people and their plans only to a very limited extent, if at all. Neither of these methods produces a plan that is both sound and possible to implement. The public interests of the state, that is, assumptions, goals, and means for achieving the goals, must be established before institutional and subsystem plans are constructed. The relationship between the state plan and those of the segments always is likely to be one of an uneasy accommodation between the institutional aspirations and the reality of the state plans and the public interest. Faculty and administrative (and to some extent student) members on the state planning advisory and technical committees not only contribute knowledge and inventiveness, they also derive understanding of the

logic and rationale for the state plans. With this understanding they can proceed in their own institutions to develop plans (using similar processes of participation) within the parameters and guidelines of the statewide plans.

GUIDELINES FOR BROAD PLANNING PROCEDURES

Three assumptions underlying the just-mentioned conclusions should be considered as guidelines.

1. Planning functions performed at one level within the total system should supplement and complement the functions undertaken at the other levels. Priorities require that statewide goals embodying the public interest be adopted first, then subsystem goals within that context, and finally individual institutional goals within those of the subsystem.

2. Persons at each level possess a certain fund of experience, understanding, and information that makes them the most competent individuals to undertake and to solve planning problems at that level.

3. Through joint participation and the exploitation of the imagination and expertness of persons at all lower levels, the best state plan emerges and, within that context, the most appropriate and best plans emerge at each lower level.

Marshaling the experts from government and business and citizens at large to serve in the planning process and delineating their responsibilities is as feasible as involving institutional participants. For the most part the non-institutional members join the same advisory and technical committees as the institutional people. Several states now place on technical committees, where expertness is usually considered the qualification for membership, citizen members who have demonstrated by previous public performance a special interest in or certain knowledge about

postsecondary educational matters. In at least one state an effort is made to place the leading board members and/or administrative officers of special interest groups on various study and advisory panels. Frequently involved are those from interest groups that take public positions on educational matters, such as taxpayers' associations, agricultural associations, state chambers of commerce, women's professional and business associations, trade unions, and PTAs. Such memberships are said to gain support for the plan, particularly at the critical time of legislative adoption of implementing statutes. At any rate, citizen involvement on technical committees often provides a reality element that tempers the "blue sky" thinking of professionals from the institutions, while the citizens gain new understanding and provide a communications link with the general society.

No members of advisory or technical committees should be paid for their services. The travel and lodging expenses can usually be paid by their parent institutions or agencies. If not, the board will need to pay these expenses. It is a small cost, considering the amount of highly skilled help the board can obtain.

The insistence throughout this guide that broad participation leads to good planning should also be interpreted to mean that plans become politically acceptable because of such participation. A network of communications channels to the institutions, to the public, and to political leaders can be established during formulation stages of the plans. Indeed, experience seems to indicate that unless this is done the finished plans may never be accepted and/or implemented. It is the planning process, the kinds of people involved, and the leadership provided throughout the planning period that ultimately determine whether the plan is understood, is politically acceptable, and can be implemented as designed.

GUIDELINES SETTING UP MODEL PROCEDURES

The guidelines that follow are presented as a model set of procedures. Local conditions and the particular objectives to be achieved by a plan will determine the ultimate appropriateness

of these steps in a state, but we believe the more fully the model is followed in practice the better the planning will be. The machinery to be used for board operations (the general advisory committees of presidents, faculties, citizens, and students described in Chapter 2) is permanent; for a particular planning cycle (technical committees and task forces), machinery is ad hoc.

1. Establishing the planning focus.

- a. The board and its staff cannot adequately establish the focus of planning without considerable outside help, especially from institutional experts.

- b. An open-ended questionnaire survey should be conducted to discover the issues and problems that various groups and individuals consider of high priority and determine the conditions in education which are considered satisfactory.

- c. Included in the survey should be members of legislative committees on education and appropriations, key citizen groups and interest groups influencing education, educators, experts in and out of institutions, and individuals who have provided leadership in education.

- d. Aided by standing advisory committees, the board should suggest staff priorities among the problems and issues to be resolved and suggest the assumptions and goals to be used.

- e. The board should review thoroughly the priorities before adopting them as the basis for the plan or planning cycle.

- f. The board should identify and adopt the problems and issues to be dealt with in any one planning cycle, limiting the number of issues to manageable proportions. Too many controversial subjects dealt with at once may confuse public consideration and void the possibility of achieving any of the planning objectives.

g. The board should develop a "Guide for the Plan," based on the assumptions, goals, and problems to which it has given priority and distribute the guide to all board members, standing committees, institutional leaders, and other interested parties.

2. Planning for particular objectives on problems or issues

a. Problems and issues should be divided into fairly discrete packages, each of which may then be dealt with by a single technical committee consisting of experts on the subject as well as informed citizens. (Some boards have used as many as 15 such committees in a single planning cycle.)

b. Each technical committee (or task force) should be charged in writing with obtaining necessary data and information, providing the analyses, and suggesting the recommendations on the subject. This is often best done by making the charge in the form of policy questions.

c. The committees should be coordinated but not dominated or closely directed in their activities by a high level staff person from the board, preferably the executive director or the associate director for planning. Each committee should be kept within reasonable boundaries of its problem area but be free to explore relationships with other committees in the planning process, as well as free to raise issues not mentioned in the charge for its own problem area.

d. The board staff should supply information, clerical services, publishing services, and funds for consultative help to each committee. The committee should determine its own research and review method, what data are to be gathered, what analyses made, and what recommendations suggested.

e. Staff should not provide leadership only to gain preconceived findings or recommendations. Such actions destroy the very reason for having technical committees—to obtain fresh and varied viewpoints.

f. Each committee should prepare a final report for immediate publication and wide distribution by the board. Both an oral and a written report should be made to and discussed with the board.

3. Coordinating and making the plan.

a. Each member of the general advisory committees should be furnished copies of the technical committee reports.

b. Each advisory committee, already having discussed and considered the policy issues contained in the "Guide for the Plan," should review the technical committee reports, make its own analyses, and suggest the answers to the policy questions raised in the guide.

c. Each advisory committee should develop its own plan and report it to the board and staff both orally and in writing.

d. The staff should provide services to the committees but not direct the analyses or the recommendations.

e. Conflicts between recommendations of advisory committees should not be forestalled by staff interventions prior to the committee's taking final action and reporting. (The recommendations of any advisory committee are almost certain to conflict in part with those of any other advisory committee, if for no other reason than that their composition provides very different perspectives.)

f. Using the technical committee reports, the advisory committee reports, and its own knowledge and judgment, the board staff should prepare its own analyses and recommendations for board consideration.

g. The board should review, discuss, and amend the staff plan as necessary and then accept the plan pending public hearings.

h. Public hearings should be held throughout the state (best locations are usually at the university and college campuses) at which a board member presides and other members are present. Any citizen should be allowed to testify at a hearing.

i. The staff should make such changes in the draft plan as it believes desirable and submit its final version to the board for adoption.

j. The board should review, discuss, amend if necessary, and adopt the plan.

4. Political coordination and action on the plan.

a. The plan should be published in substantial numbers and widely distributed to the legislators, governor, governing boards, institutional constituencies, and to the public at large upon request.

b. The board and its staff should arrange to provide a private briefing on the main points and rationale of the plan for legislative leaders and the governor, particularly if statutory action is necessary to put parts of the plan into effect.

c. The board and its staff should provide the leadership explanations and testimony in support of the plan.

d. The staff should so organize support from institutions, civic organizations, and citizens to inform the legislature of the issues and to prevent redundant testimony.

5. Creating a new planning base.

a. Once the legislature and governor have acted on all or part of the plan, the board and staff should reassess their planning assumptions and goals, taking into consideration the legislative attitudes on and actual amendments made to the plan.

b. With the reassessed assumptions and the plan as finally adopted as a base, the board should commence the next planning cycle.

EVALUATION OF PLANNING

The plans developed in each cycle should provide the milestones and criteria by which progress toward stated objectives is to be measured. If this is not done, almost any activity passes for a means to achieve goals. Continuous planning also requires continuous assessment of the means used and progress made.

Moreover, however good the initial structure and procedures used by a coordinating board, over long periods they may lose flexibility, lack appropriateness, or fail to achieve optimal results. Every eight to twelve years an ad hoc body should be authorized by the legislature to review the state's planning procedures and processes, the overall governing structure, and the effectiveness of the coordinating board in its several roles. This body should be composed of and directed primarily by out-of-state consultants, with some participation by in-state and board personnel. Such an assessment provides a basis for renewal and change at the highest planning levels and assures political and educational leaders that the coordinating and planning mechanisms of the state are appropriate for the times. The ad hoc group should confine its concerns to the overall organization and to the powers and roles that should be exercised by the several boards, councils, and agencies involved with postsecondary education. The reviewers should not attempt to do substantive planning and should be able to complete their ad hoc task in a single year.

LEADERSHIP IN PLANNING

This chapter as do others in this book, places much emphasis on organization, technique, and process. We realize from our research that much of the failure in planning can be attributed to these elements. But in the last analysis, it is the individuals and personalities who occupy key positions of authority that govern the success or failure of a given structure or set of processes. The right persons in the right combinations, allowing for personality and value differences, are critical to high-quality planning.

Of equal importance is the leadership role of the executive officer and members of the board. Change is not easily made in institutions of higher education any more than in other social institutions with longstanding roles and traditions. Leadership from the coordinating board can be the catalyst that allows the institution's internal forces for change and renewal to join student and societal forces to create the new programs and the new structures required by a new, a different age.

This leadership activity is paramount in statewide planning, where public interests and institutional interests do not always coincide. It may even be necessary to change whole institutions. Proper leadership is also critical in reviewing new programs and budgets (the subjects of the next two chapters) as a means to accomplish planned goals and objectives.

4

Program Review

Program review is one of the most sensitive aspects of statewide coordination, touching the heart of what the institutions of higher education are actually *doing* in terms of teaching, research, and public service. The statewide planning process, if it has been done and done well, could establish basic institutional missions within which proposed new programs could be evaluated. Not all states have long-range plans. Of those that do, not all of these include mission assignments, and even where these have been made, experience has shown that for purposes of program implications, many interim adjustments and interpretations are required. Furthermore, the previous chapter on planning has already pointed to the increasing emphasis that will be placed on the problem of reallocating and eliminating existing programs. For decisions such as these, prior planning assignments of role and mission are only of marginal help. Thus, whether or not long-range planning has occurred, a good program review process is indispensable.

There are three major questions to be answered in this area: Which programs are to be reviewed? Which criteria are to be applied in judging? What machinery is to be used in the evaluations? This chapter will examine these questions and then briefly discuss some related special problems.

WHICH PROGRAMS TO REVIEW?

An increasingly standard charge for the coordinating board is to review any "new unit of instruction, research or public service," and to define this as establishment of any college, school, division, institute, department, or other unit not previously included. In one state "reasonable and moderate" extensions of existing curricula, research, or public service programs with direct relationship to existing programs do not need board approval, but the board retains the right to define what is reasonable and moderate. In another state the board has stipulated that if a change in an existing program would represent a distinctly different purpose, philosophy, or program of studies requiring substantial increases in faculty, facilities, or library holdings, the change should be reported for board approval.

There is, by now, little debate on the necessity of a central review of high cost graduate programs or of determining priorities among entirely new units of endeavor, such as between a new junior college or a new cyclotron at the university. However, campus enthusiasm decreases markedly for review of undergraduate programs. Nevertheless, the need is clear to examine at least those two-year and four-year programs for which the demand may be limited (for example, mortuary science, forestry) or for which the costs may be higher than normal (although in defining "normal," one must recognize the possible higher cost ratios often found in beginning institutions).

Institutional apprehension is even greater concerning agency powers in the areas of individual course approval and reallocation or elimination of existing programs. Both of these topics are so sensitive in terms of the internal operations of the institutions that extensive agency intervention might cause a severe strain in its relations with the higher education community. Yet the evidence is clear that problems exist in both areas. Sometimes institutions take advantage of the absence of required central approval of new course offerings to build up, course by course, the

substance of a new program or curriculum and then merely seek ultimate agency approval and a formal label for the accomplished fact. Some critics argue that the central agency must have the power to approve all new course offerings. On the other hand, the annual review of hundreds of individual course offerings is a heavy administrative burden and certainly a dangerous power in terms of academic freedom and course content.

The power of program reallocation and discontinuance has been but slightly used up to now. Partly this derives from the apprehension with which this power is viewed and the lack of power of some coordinating boards. Also, the rapid expansion of higher education over the past 25 years has generated an overall growth rate large enough to justify most programs, even in the least popular fields. However, over the years, occupational patterns obviously change and student career preferences alter; thus, it is sometimes to a state's advantage to concentrate in fewer and fewer institutions programs for which there is decreasing demand. This is as true in the interest of maintaining program quality as in achieving economy.

If we must reallocate existing programs, it will be doubly necessary as we approach the 1980s, when enrollment forecasts make it clear that considerable retrenchments, consolidations, and reorganizations will be required. The more carefully new programs are reviewed between now and then, the less drastic will be future retrenchments. Inevitably some mistakes will be made, and the power to reallocate and discontinue programs must be part of the solution.

The criteria to use in making these adjustments will vary with the type of institution and the new delivery options that become available. Some or all of the following may be components of the evaluation scheme: 1) number of graduates from the program in each of the last five years; 2) number of students enrolled in the program (entry and dropout rates); 3) class size and cost of courses identified as integral elements in the program; 4) cost per

program graduate; 5) program quality as reflected by its regional or national reputation, faculty qualifications, and the level of position achieved by graduates of the program; 6) total production of program's graduates of all institutions in the state and/or nation; 7) the economies and improvements in quality to be achieved by consolidation and/or elimination of the program; 8) general student interest and demand trends for the program; and 9) appropriateness of the program to a changed institutional role or mission.

GUIDELINES FOR CHOOSING PROGRAMS TO REVIEW

1. Each coordinating board should have the legal power to approve or disapprove any new unit of instruction, research, or public service. This means the establishment of any college school, division, institute, department, or other unit not already existing. Reasonable and moderate extensions of existing programs (as defined by the board) should not require board approval.

2. Each coordinating board have the legal power to reallocate or discontinue existing programs. The institution(s) involved should be required to make a formal report within three months to the board, the governor, and the legislature if, for any reason, compliance with the order is not forthcoming.

3. The coordinating board should *not* have the power to approve individual new courses.

CRITERIA FOR PROGRAM ASSESSMENT

While some state systems have developed review procedures that include as many as 10 different criteria, we feel that it is possible to group them roughly under four general headings: state needs, state ability to finance, compatibility with mission assignment, and institutional readiness.

State Needs

Although universities and colleges can make an honest effort to determine whether their proposed new programs respond

to carefully estimated state needs, they are usually in a less favorable position to judge this than the coordinating agency, which has a statewide perspective. This is particularly true when it is necessary to judge whether state needs could be better met by expanding some existing program or establishing a new program at some other institution. It is asking too much to expect that institutions deeply interested in the results will be detached enough for objective judgment of state needs. The coordinating board's role in state planning should give it invaluable knowledge of what all institutions in the state, public and private, are doing and are *intending* to do, and its evaluation of proposed programs should be undertaken in that context. Also, in that context the board must promote the development of programs for unmet needs and provide for their housing and financial support.

Several cautions should be observed in interpreting state needs. First, a distinction must be drawn and a balance struck between the so-called manpower needs for a program and student demands for it. The student (citizen) has a right to a learning experience which he sees as beneficial to him personally, and a state needs educated citizens as well as certain types of manpower. Theoretically, in a free market over an extended time, manpower needs will roughly match student desires for a program. But in the short run, heavy student demands might seem to justify a new program in a field where the market demand for such graduates is actually decreasing. In such cases, "state needs" will have to be carefully defined.

Second, in evaluating these state needs, regional and even national factors should be considered. Particularly at the graduate level, the relevant job markets tend to transcend state boundaries, and a state which "imports" some of its professional personnel from other states perhaps has an obligation to contribute its fair share of exports. (The various regional compacts, the Southern Regional Education Board, Western Interstate Commission for Higher Education, and the New England Board of Higher Education are often helpful in working on this problem.)

Third, in considering possible unnecessary duplication in proposed programs it is particularly important to interpret cautiously the term unnecessary—for a great amount of overlap legitimately occurs. Most institutions will provide a core of general education, and many will offer B.A. and M.A. degrees in liberal arts, teacher education, and business administration. The real test of duplication is whether an instructional program has sufficient enrollment to maintain academic quality, achieve a satisfactory utilization of capital plant, and keep operational costs at a reasonable level. When no institution under consideration can reasonably achieve these conditions, a regional arrangement involving several different states may achieve the purposes.

In setting the projected critical mass, however, it is important to give a new institution enough lead time to develop its new departments, since these often require more time to gather momentum than would be the case for new programs at established institutions.

State Ability to Finance

Even if a university or college could do a superb job of screening its own proposals for new programs in terms of the state's genuine need, there is no guarantee that state funding for such proposals would represent the best investment of limited resources. Leaving aside the competition for scarce funds between higher education and other state activities, which must be resolved largely in the political domain, an effective coordinating agency is in a better position than an institution to help state officials learn to think in terms of *relative priorities* for new programs within higher education. First, careful long-range planning with the recommended interim revisions can keep the important program priorities well in mind, and claimants for major departures from this list should be evaluated in terms of their desirability relative to the list. Second, to the extent that program budgeting can appropriately be applied to higher education (see Chapter 5), it should be possible for the coordinating agency to compare more effectively the anticipated

costs and benefits of the various proposed programs and to recommend accordingly.

Compatibility with Mission Assignment

If the planning process has defined a basic role and scope for the institution in question, the new program must be evaluated to see whether it falls within the agreed-upon range of activity. If the proposed program is not compatible with the institutional mission, the coordinating board should so indicate and explain why. If it is compatible, the two preceding sets of criteria and the one which follows must then be applied.

Institutional Readiness

This criterion encompasses the adequacy of institutional faculty, facilities, funds, library holdings, etc. to create and maintain a new program of high quality. Some universities and colleges may have very careful internal screening procedures; others may not. Institutions are not always the most objective judges of their own readiness to offer new programs at a high quality level. The state review process, to function properly, must cover the weakest link. But regulations drawn up to meet that need must be applied equally to renowned universities with long experiences in creating graduate programs of high quality, even institutions operating in multicampus systems with rigorous central review processes of their own. Such institutions may resent being asked to submit to the same screening process used for institutions just entering graduate work. However, multicampus systems with good internal screening rarely experience problems regarding institutional readiness once they accept the formality of central agency review.

GUIDELINES FOR ASSESSING PROGRAMS

1. The coordinating board, in reviewing new or existing academic programs for their compatibility with the public interest, should give special attention to the compatibility of the proposed program with basic institutional mission.

2. The board should determine whether a state need exists for students in the area of the program in question and, if so, whether this need could be better met a) by expansion of some existing program, b) by creation of a new program at some other institution, c) by interinstitutional cooperation or d) in special areas, in some other state. If the state need has subsided, it remains to determine whether the programs in question should be concentrated in fewer institutions or some or all of them discontinued.

3. The board should assess the state's ability to finance the program in question, quite apart from the institution's readiness to offer it, and the state's general need for it. Since there are nearly always more programs needed than funds to finance them, the board must determine priorities among proposed programs, ideally on the basis of accepted planning guidelines.

4. The board should determine the institution's readiness, in terms of present and projected enrollment, faculty, facilities, funds, library holdings, etc. to maintain a program of high quality.

5. In view of the crucial importance of widespread institutional understanding and acceptance of the rules of the game in program review, the criteria just enumerated and the review procedures to follow should be specifically identified and interpreted to trustee, faculty, and student constituencies, as well as to institutional administrators. Each has legitimate interests in the area of program review, and their understanding and support should be promoted.

BOARD ORGANIZATION FOR PROGRAM REVIEW

Coordinating agencies may review proposals for new programs in various ways. Bearing in mind that the system used must be not only fair and firm but also *seen* to be such, each technique presents certain problems.

Relying heavily on staff review allows "firm" agency control of new degree programs. However, institutions with rejected programs may not feel it is fair, even when it is. The lay members of the agency are normally faced with long agendas of considerable complexity and are often greatly influenced by the staff recommendations. Thus, institutional hostility may come to be focused on the staff if very many new programs are rejected.

A standing committee of lay board members to handle program review may provide a counterbalance to excessive staff influence and a lightning rod for institutional hostility but it may also raise the spectre of a few powerful lay members playing a dominant role in very delicate academic matters. Furthermore, there is always the danger of explicit or implicit trade-offs among lay members with different geographic or institutional sympathies.

In an attempt to gain expertise not available from staff or agency members, some boards early in their existence sought confidential judgments on proposed new degree programs at some emerging colleges from highly respected professors at the state university. When, however, negative judgments occasionally resulted and the source of the judgments was revealed, there were outraged cries from the disappointed institutions that they were being held back by the desire of the state university to preserve its primacy and avoid sharing state support for advanced graduate work. The judgments may have, in fact, been highly professional, but their source and their secrecy made them suspect.

Other states have turned to expert consultants from outside the state. While this meets the need for objectivity and obviates the necessity for secrecy, some college presidents note that experts from high-powered, out-of-state institutions tend to hold unrealistically high standards, and to judge modest local needs by Berkeley or Harvard standards. Presumably, selecting consultants more carefully or giving them a different charge would solve this problem.

Other boards use a statewide advisory committee with membership drawn from the institutions (usually their graduate deans). This procedure has several possible disadvantages and at least two major potential virtues. Some of the dangers are only too clear. The committee, without strong and careful staff leadership, may turn into a giant logroll, rejecting few programs whether justified in the public interest or not. Alternatively, if the representative(s) of the institution(s) with more experience in advanced graduate work tend(s) to take a firm line on requiring at least minimum quality standards in new programs, the "have-nots" (usually more numerous) may gang up on the "haves."

High quality staff leadership can often overcome problems of committee logrolling or the ganging up of the many against the few. However, at least in the early educating phase, the staff must perform at a fairly high level and work must be continuous. Well done, such investment of staff time may pay handsome dividends. In the first place, by making institutional advice more to be desired than feared, it will allow the agency to tap the experience, knowledge, and judgments of institutional personnel. Second, once the committee has acquired the reputation for both firmness and equity, it should be possible to delegate more tasks to it, thus lightening materially the agency's heavy workload. Finally, to the extent that the key institutional personnel laboring together on program review learn to work in harness and view problems at least in part from a statewide perspective, the basic coordinating and planning process also profits.

Finally, an intermediate-type procedure embodying some virtues of the in-state and out-of-state approach is the "mixed commission of scholars." In one state, some nine nationally recognized academics, a majority drawn from outside the state, render judgments on proposed new graduate programs. They make studies and employ additional consultants as they judge necessary to render advisory recommendations to the coordinating board. While this high-powered instrument has not been used for review of two-year and four-year programs, it has proved quite successful in the costly and controversial area of advanced graduate programs.

GUIDELINE FOR BOARD ORGANIZATION FOR PROGRAM REVIEW

1. If a state can afford a mixed commission of scholars, it should be employed at least in the high cost area of new graduate programs. For other levels (and if the mixed commission is not possible, for *all* levels) we urge that a statewide review committee be created with top academic administrators and faculty drawn from the institutions. Board staff should give high priority to servicing this committee well, employing outside consultants, and seeing that it functions with proper regard for the statewide point of view.

SPECIAL PROBLEMS IN PROGRAM REVIEW

Review of Research and Public Service Programs

Problems arise not in reviewing individual research projects or college concert series presented as a public service but at the level of creating whole new research institutes or broad new public service activities such as adult education, marine biology, or agricultural extension programs. At this broader level, some of the same considerations apply as those related earlier for new academic programs: Is the proposed activity in keeping with the basic mission of the institution? Does the state need this new activity and, if so, is the proposed location the best from the point of view of the public interest? Can the state afford to finance it, both in the short run and the long run? Does the institution have the funds, facilities, personnel, etc. to mount the new activity at the necessary quality level? A major difficulty is, however, that such judgments, particularly in the area of research benefits and costs, are extremely difficult to render.

GUIDELINE FOR REVIEWING RESEARCH AND PUBLIC SERVICE PROGRAMS

1. Each coordinating board should attempt to establish, in cooperation with the institutions of higher education, criteria for

approving new programs in research and public service. These criteria should be addressed to the following concerns: compatibility of proposed activity with institutional mission, state need, state ability to pay, and institutional readiness.

*Approval of Programs Not Funded
from State Sources*

Some would argue that there should be no central agency review of teaching or research programs not funded from state sources (for example, endowments, gifts, federal grants). However, such programs raise several issues which require state attention.

In terms of finance, should an institution using outside funds for a new program seek clearance from the coordinating agency? On the premise that there will inevitably be indirect overhead costs to the state not fully covered or that the state may ultimately be expected to take over a program wet-nursed with outside money, many would argue that all such programs should require board clearance.

In terms of program, proponents of strong statewide planning insist that unless new programs funded with outside money are also reviewed by the coordinating board, there is no guarantee that state planning guidelines will really be observed.

Finally, in terms of the relationship between outside income and program excellence, some states using a budget formula insist on reducing by an amount equal to outside income the state funds theoretically earned under the formula system. While this saves the state money, it obviously reduces institutional incentive to seek such outside funds. At least some substantial part of the extra income generated through realization of overheads and the seeking of grants should be left to the institutions in their quest for program excellence above the threshold of normal state support. Federal aid, which may be forthcoming for general operations, would not fall in the category of extra income and may be considered as an offset against the state appropriation.

GUIDELINES FOR REVIEWING PROGRAMS NOT FUNDED BY STATE

1. Each coordinating board should be informed of *all* new programs prior to their beginning *or* at the proposal stage, whether funded with state money or not. Each board, with the participation of the institutions, should establish a fiscal figure (for example, \$200,000) and a time period (for example, two years) and require that all outside funded projects with larger grants or longer time periods must undergo normal program review

2. States using formula budgeting for higher education should *not* subtract the amounts acquired by the institutions from outside sources from the gross appropriation figures arrived at by existing formulas. To give the institutions incentive to seek more outside funds, at least half of overhead income should be left with the institution for financing research in areas of less support; for experiments in, and enrichment of, academic programs; and for additional student financial aid.

3. The coordinating board should take special care to see that "free money" is not plowed back into existing unit costs to inflate them for purposes of establishing a higher cost base for future budgeting.

4. If the federal government in the future awards block grants directly to institutions on some formula basis for general operations, the funds above a "maintenance of effort" level should be considered as regular operating and/or capital income.

Creating New Programs

In surveying the state's offerings in higher education with a view to eliminating unnecessary duplication, it is equally important to watch for significant state and student needs *not* being met by existing or proposed programs. When these are discovered, it is entirely appropriate for the coordinating agency to encourage

relevant institutions to respond or to create a receptive environment for their development. While normally this would be done in the regular planning cycle, it can also occur as a consequence of program review as interim needs emerge.

Another positive consequence of program review is that a coordinating agency may well want to encourage two or more institutions to engage in extensive interinstitutional cooperative ventures in pursuit of approved programs. Such items as joint degrees, shared use of faculty, interlibrary cooperation, etc. can be accelerated by alert coordinating agency implementation of its program review role.

GUIDELINES FOR CREATING NEW PROGRAMS

1. The coordinating board should make a serious effort, on the basis of both long-range planning and interim program review, to discover program needs not being met by any existing or proposed programs. In such cases, the board should take the lead to bring such needs to the attention of the relevant institutions, encouraging their cooperation and seeing that adequate state funds are available for their implementation.

2. The coordinating board should give increasing emphasis to encouraging interinstitutional cooperation on all sorts of academic and administrative measures. The career ladders approach to articulation and transfer and the outright sharing of common resources are examples. This cooperation should occur as well between public and private higher education. The coordinating boards should have at least some earmarked funds with which to encourage such experimental and innovative programs. A statewide advisory committee drawn from the institutions should develop criteria for the allocation of the funds.

Budgeting Operations and Capital

For most coordinating agencies a primary task is reviewing budgets of institutions and subsystems. Often this is done in great detail, particularly if the historical record shows that the institutions have competed vigorously for funds and have allowed unbridled aspirations to far exceed the state's funding potential.

The amount and intensity of review in a state depend on many factors, few of which can be dealt with in this chapter. However, two factors of increasing importance are 1) the new sophistication, professionalism, and ambitions of the state's executive budget officers and 2) the increasing demand for program budgeting systems. Many states have had executive budget offices so poorly staffed that the state relies on the coordinating board to suggest the proper level of funding for the various units in the state system. It is hoped that that job can be done so effectively that the state budget office will not intervene heavily even if it becomes well staffed. On the other hand, a few states have had highly professionalized budget offices, and others are rapidly improving the competence of their personnel. We believe that institutions should not be subjected to two or three intensive reviews. The coordinating board, standing as it does between institutions and the state, must adjust its operations as the state centralizes budget review. The state would be wise to rely on the coordinating board to provide the formulas and detailed reviews or,

if other circumstances prevail, at least encourage the board to work as an advisor to the state budget office. Otherwise the board may be left with the primary task of budget review only for purposes of determining the effects of budget levels and items on implementation of master plans. Whatever the situation, the board should refrain from detailed reviews if the executive or legislative budget offices are being relied upon for this function. Rather, the board may need to provide reinforcement to the institutional requests that implement master plan provisions.

The subject of planning, programming, budgeting systems (PPBS) offers similar problems. Coordinating boards have probably contributed more toward development of program budgeting for higher education than all other state agencies combined. Their planning emphasis, plus the supporting information systems, lead directly toward program budgeting. That type of budget will prevail in the near future in almost every state. The coordinating board that waits for the state to provide leadership in this operation will, no doubt, lose all or most of its budget function to the governor's budget office. The suggestions in this report for accomplishing budget reviews and establishing program management information systems may be adapted to PPBS as such systems come into full operation.

The primary purpose in having coordinating boards review budgets is to provide the legislature and the governor with the underlying assumptions and goals of the budget and to recommend the funds necessary and adequate for fulfilling the functions and implementing the institutional programs, which are the means to achieve the goals. This purpose presupposes a fairly clearcut delineation of the functions and role of each institution under master plan guidelines. In addition to enrollment growth, at least five factors contribute to the ultimate determination of necessary and adequate levels of funding: 1) the historic level of funding perceived as adequate by the state (legislature, governor, and their staffs); 2) the goals for the institution as delineated in the state master plan; 3) the levels of funding of institutions in other states (normally those contiguous or in the same region or athletic conference) with

which the institutions are compared—a part of the historic pattern (if new roles or functions are to be prescribed for an institution, the master plan may indicate the kinds of, or even the specific, institutions with which comparison is considered proper); 4) the political and fiscal realities of the moment (which cannot be ignored entirely but should not dominate the recommendations of the coordinating board if “necessary and adequate” funds are to be obtained); and 5) the public interest as perceived by the board and its staff.

PROCEDURES FOR DEVELOPING BUDGET RECOMMENDATIONS

The board's methods and procedures for developing budget recommendations must contain sufficient empirical data and reflect enough political reality to inspire the confidence of the state and of institutional leadership. Hard data on costs, state and national trends, and productivity are increasingly essential to a budget presentation that wins the confidence of political leaders.

This also means that the procedures, formulas, criteria for setting priorities, and factors for determining efficiency must be considered fair by the parties concerned. These due process considerations are best assured if institutional leaders and faculty, together with board staff, are heavily involved in the development of procedures and formulas prior to their application to the actual budget process. Too, the confidence of state political leaders can be increased if they are assured that empirical data have not been manipulated in order to deceive and that the several institutions have been given fair and impartial treatment under the procedures and criteria employed by the board. This requires that political leaders and their staffs be apprised of the general hearing and review procedures employed by the board and of the major elements comprising formulas and criteria for evaluation. For full understanding, close and frequent liaison between board staff and state budget staffs is essential, especially in the development of standards and formulas. It may seem desirable to place state staff members on board budgetary technical committees. However, this practice is not generally recommended, since such members usually

have political or fiscal goals in mind that may impair the achievement of the board's own purpose in budget review. From time to time, observers from these staffs may be invited to attend meetings of the committees but should not be allowed to dominate the proceedings.

STAFFING

An elaborate bureaucracy is not needed to achieve the objectives just discussed. Rather, the board staff should consist of a *small* number (no more than five or so each for operations and capital, even for the most complex systems) of highly qualified professionals with superior conceptual and analytical talents and with broad general knowledge about higher education. Overstaffing, which encourages review of minutiae, is at least as much a problem as understaffing, which leads to arbitrariness and inadequate concern for empirical support and procedural due process. Moreover, the executive director of the board should be personally knowledgeable about and involved in the development of procedures, criteria, and formulas. His personal leadership in the review process is essential if institutional as well as state leaders are to have confidence in the outcomes. The board's chief planner also should be involved, particularly if the executive officer is not.

Successful coordination depends upon the mutual trust of the parties involved. A serious barrier to gaining trust is the apparent, and sometimes real, favoritism shown by the board or its staff for one or more institutions as against others. Personalities, historical incidents, and power politics generally account for unfair treatment. Where discrimination is practiced, even those on the favored side become concerned about an uncertain future which may cause them to lose favor. Due process and fair treatment in budgeting, the outgrowth of professional attitudes and a concern for the public interest, will ultimately win support even from potential "favorites."

One or two interinstitutional committees composed of representatives of institutions or institutional systems to aid in the development of procedures, formulas, and criteria provide the basic

mechanism through which fairness is usually achieved. To be fully effective, however, the board staff must provide the committee leadership and, at times, make decisions which may not be endorsed by the committee. Collective institutional interests must give way when they conflict with broad state interests and/or master plan objectives. The committee that understands why the staff departs from committee advice is more likely to respect the staff (although the committee may disagree with staff recommendations before the board or legislature).

GUIDELINES FOR STAFFING

1. One or two interinstitutional technical committees should be formed to advise the board's staff. These committees (perhaps one each for operations and for capital) should be composed of representatives of the institutions or institutional systems and selected by them. Members should be selected from chief budget officers, accountants, and academic leaders.

2. The technical committees should advise and aid in the development of all budget review procedures, formulas, standards, and criteria. (The committees do not review budgets; this is strictly a function of the board and its staff as discussed earlier.)

3. The board's specialists and its executive officer should sit on and provide leadership to the interinstitutional technical advisory committee on budgeting.

BUDGETING FOR OPERATIONS

Budgetary Formulas

Formulas for the operating budget often are used to allay suspicion of favoritism and to provide equal treatment for equal programs. The central issue relating to formulas concerns their credibility in reflecting the differences between institutions in level and kind of programs. Fairness demands that the same level of

funding be given to programs substantially equivalent in level, type, and size of clientele, whether offered in a large university or a small state college. The numbers of students (FTE) or credit hours, the level of program (bachelor's, master's, etc.), and the kind of program (English, medicine, physics, etc.) are minimum elements normally considered in a formula reflecting differences between institutions. Moreover, constant review of formulas is necessary to avoid developing rigidity in actual operations as a result of the rewards and sanctions that are innate features of any formula.

Once formulas have been agreed upon, controversy arises over inclusion of items not thought to be covered by the formulas. Items excepted from formulas (and there will be such items in almost every budget) must then be fully justified as to their lack of coverage by the formulas and as to their intrinsic merit. (Entirely new and/or experimental programs, basic items for new campuses, and special programs for the disadvantaged are legitimate examples.)

Both the formula approach and individual justifications are used by various coordinating boards for establishing funding levels for organized research projects and public service activities. (Departmental research, if any, should be considered in the instructional formulas.) However, research and public service are least subject to equitable formulas and most subject to discriminatory allocation. The master plan statement of roles and functions of institutions should be detailed enough to provide guidelines for funding these endeavors.

Institutions often assert that the total amount of money recommended by formula and otherwise is inadequate. The word quality is almost invariably invoked. All institutions wish to improve quality (whatever it may mean) but, after a certain level of funding is reached, there is little evidence that additional dollars really improve quality; rather, faculty loads are reduced, research is increased, and sabbaticals and fringe benefits are improved. On the other hand, such actions do improve the prestige of the institution and ease faculty recruiting (which have implications for quality). While no one can show empirically that increased funding

substantially improves the instruction of students or the worth of research, there is certainly a level below which quality is impaired. Certain data and procedural steps are necessary to be sure that some institutions are not overfunded or underfunded because of previous favoritism or discrimination and to be certain that cost and salary increases are fairly awarded each institution, and to protect quality.

GUIDELINES FOR BUDGET FORMULAS

1. One or more formulas that reflect at least the differences as well as similarities in degree level and discipline of program and in the increases in workload should be used to generate the funds required for most (70 percent or more) of the operating budget. Separate elements in a formula can be used for functions such as library, plant operations, and administration.

2. Formulas should be based on unit cost data so that differences in unit costs between programs of the institutions may be properly recognized, explained, and adjusted, if circumstances appear to warrant it. Trend data for each institution and the system as a whole should be available on a continuous basis so that no institution is funded inadequately.

3. An inflation factor should be added to formulas, based on current unit costs. (The State and Local Price Index of the Department of Commerce is one acceptable guide to cost changes for most items, other than scientific equipment, with which higher education budgets are concerned.) The inflation factor should not be applied to the whole budget but only to equipment, supplies, travel, utilities, and services.

4. Salary increases to cover inflation should be added as a separate item in the budget request. Normal merit or step increases should be in the formula.

5. All requests for increases above those generally awarded all institutions should be specially justified. If the unit costs of an institution show need for a "makeup" (funds to achieve

the minimum level of support), such adjustments should be made only after discussion with the technical advisory committee, prior to budget submission. If makeup is requested for any item (for example, library, counseling, administration) that is included in the unit cost figures and budget formula, it probably should be negated unless some extraordinary justification on an emergency basis is provided.

6. All formulas and budget guidelines should be reviewed periodically, expressly to change or eliminate elements that constrain institutions in educational renewal and contribute to rigidity and uniformity in operations.

Operational Efficiency

Efficiency of operation is always at issue with state political leaders and with the board. Specific attacks on efficiency are difficult to combat because no absolute standards or norms are available for any part of higher education operations. Yet, in a positive sense the board has a responsibility to improve efficiency. Comparative information from a state's institutions and from those in other states may be helpful.

Two major approaches, not mutually exclusive, deal with efficiency. One focuses on the costs of units of productivity and the other on certain operational relationships.

The first approach employs units of cost, which are normally based on one or more of three production measures, not because the units are particularly appropriate for measuring the real outputs of higher education but because they are traditional and relatively easy to measure: credit-hour cost—by discipline, by level, by institution, by state system (the most popular measure now in use); clock-hour cost—similar to credit-hour but less traditional and more complicated to compute; and degrees granted—by type, by level (a basis for gross comparisons between institutions and across state lines).

Particularly helpful to the board are data that show unit costs over time by institution and by system. Also, cost data based on certain units of productivity may become the basis for a planning, programming, budgeting system (PPBS) for higher education, as it responds to state trends in this direction.

The second approach involves operational ratios and proportions, which have been more often used than unit costs to estimate efficiency. They may be components within the unit cost system or constitute a complete evaluation system.

Student-faculty ratios, when both faculty and students are classified under common definitions, constitute one component that provides an often used basis of comparison between institutions. For two reasons, the more sophisticated professionals consider this a weak and ineffective method of looking at either efficiency or quality. First, evidence is lacking to show any particular ratio more effective for instructional purposes than another. Second, a common classification system for placing faculty and students in various categories has not been employed, and so ratios are subject to manipulation. (The Western Interstate Commission for Higher Education-Program Management System [WICHE-PMS] publications may eventually remedy the latter failing.)

The proportion of faculty members at each academic rank provides another gross comparative measure of where differences between institutions account for the differences shown in budget requests. Older, more stable, institutions usually have greater proportions at associate and full professor rank, while rapidly expanding institutions generally have more of the faculty in the lower academic levels. Abuse creeps in most often when, by institutional policy (formal or informal), rank is used to augment or substitute for salary increases.

Faculty teaching loads as measured by the number of hours of classroom teaching per week is one of the most commonly compared figures among institutions. The low level of such loads is currently under public attack. The number of hours of classroom

teaching per faculty member per week has been decreasing in most institutions without a commensurate increase in class size, which would maintain theoretical productivity levels. Generally, the faculty load has increased in public service activities and in research. These elements in the load do not lend themselves to easy measure and, hence, are often mistakenly ignored. Nevertheless, the only way now available to offset the fewer hours of classroom instruction is to increase class size or to accept the citizens' and politicians' desire to reduce other activities and to teach more classes.

Student credit hours produced (or class hours) per faculty member is a correlate of classroom teaching hours. This component of the unit cost approach is a better measure of efficient productivity than faculty-student ratios, proportions of faculty at various ranks, and faculty workload. It is the most commonly used of all operational type measures. Some budget formulas are based on ratios of faculty credit-hour productivity by level of instruction (if not also by discipline). This measure obviates the need to examine class load or student-faculty ratios.

Average faculty salaries by rank have been used as an efficiency as well as a quality ratio for many years. The American Association of University Professors (AAUP) annual salary analysis and recommendations have institutionalized it well beyond its real worth in measuring either element. The variables represented in the efficiency measures just mentioned may reasonably account for radical differences in salary averages while holding quality of instruction constant—or the obverse may be true.

While hard data cannot *prove* the relationship between any one of these efficiency ratios and quality in specific instances, common knowledge indicates that those public institutions (with rare exceptions) with the greatest prestige have fewer students per faculty member, higher salaries, lower teaching loads, less credit-hour productivity, and more dollars per student than the less prestigious ones.

Measures of efficiency dealing with operational relationships should be used with great care, since we do not know what the proper (optimally effective) relationships among them

should be. They do provide a basis for comparison among like institutions in the same system and may show places where efficiency may be improved when comparing across systems of institutions. However, no one measure should be used without also considering the effects on and the effects of the others.

Perhaps no charge confronts higher educational leaders more frequently than that by political leaders that the budget requests are unreal in relation to the state's financial resources. Obviously what is real, possible, and necessary is in the mind of the commentator. Not only does subjective judgment enter in but also the differences in objectives to be achieved. College leaders wish to improve the quality and prestige of their programs, often while also serving rapidly increasing enrollments. The politicians want the same goals but also want to achieve them without incurring tax increases. Since these objectives are incompatible, it behooves the higher educational leaders to present as carefully reasoned and justifiable a case as possible.

Before submitting budget recommendations to the governor and the legislature, the coordinating board should answer the following questions: 1) Does the request exceed the previous budget by a greater percentage than the formula applied to student increases by level plus inflation factor? Why? Are the reasons convincing to lay persons? 2) Are unit costs rising more rapidly than the rate of productivity? Why? 3) Can the proportion of budget arising from program improvements or enrichment be defended? 4) Are new programs, especially at graduate levels, proliferating beyond state needs and reasonable expectation of efficient operation of each of them? 5) Are duplicative, low efficiency programs reviewed for possible discontinuance? 6) Are faculty teaching loads (productivity) becoming lighter? Why?

GUIDELINES FOR BUDGETING FOR OPERATIONS

1. The state master plan should provide the essential framework within which budgets are prepared. Roles, functions, and program and expansion needs expressed therein should be constantly

used as budget guides, both for the system as a whole and for individual campuses and subsystems.

2. Efficiency and cost measures should be applied and comparative data revealed in the request as appropriate to convince the state legislature and governor that efficiency as well as quality are prime considerations in submitting the request.

BUDGETING FOR PHYSICAL FACILITIES (CAPITAL ITEMS)

As in the case of the review of operating budgets, some other state agency (public works, building authority, etc.) may already have the task of reviewing capital budgets. If so, the board may be left only the task of relating building requests and the programs the buildings are to house to determine their conformity to master plan objectives.

The major issues of fairness in budgeting for facilities are similar to those in relation to operations. Favoritism and discrimination are common. At times, the major state universities have construction costs that exceed those of the smaller, less politically potent state colleges for nearly identical facilities. The type of facility and amount of space required also are perennially argued by the institutions and the board. Ratios and standards for setting certain instructional space requirements (per student, per lab space, per classroom seat, etc.) have long been in use, but no real agreement has been reached on the appropriate norms. Again, no hard data or research shows a strong correlation between the amount of space used and the effectiveness of instruction or the worth of the research or service provided.

Comparative norms are justly criticized as not necessarily being desirable norms. However, comparisons do reveal the differences among institutions in the system and may provide bases for adjusting some space needs and correcting glaring deficiencies arising from previous discrimination or mismanagement. Some tensions will be lessened as common definitions and criteria for

evaluating space are developed. Certainly more valid interinstitutional comparisons can then be made. (See WICHE-PMS, *Space Analysis Manual*, 1971.)

Coherent priorities can be established for institutions and for projects on a given campus in the context of the needs expressed in a master plan, despite the intense institutional concern for a fair share of facilities and the issues raised by using arguable norms or standards as bases for budgeting. We are not unaware that legislators are far more likely to logroll and make political gain out of capital budgets than for those for operations. The board's job is to present the requests based upon real and also relative institutional need rather than on political considerations. The more that need is expressed in empirical terms, the less free are legislators to intervene with their own parochial interests as goals.

An institutional technical committee, similar to or the same as that which prepares guidelines, formulas, and procedures for review of operating budgets, should be involved in preparing guidelines, formulas, and procedures for review of capital budgets. Committee members from institutions or systems should represent the construction, design, budget, and academic specialists. In large systems it is probably preferable to have a separate committee, with the chief budget and/or academic professionals serving on both the operating and facilities committees.

The formula approach to determining most building needs is both possible and effective in promoting fairness among campuses and in setting priorities. Impetus for formula budgeting was given by the Higher Education Facilities Act of 1963. It encouraged the development of formulas based on the number of square feet needed per 1,000 hours of instruction.

Formulas now range from the simple (so many dollars per additional student for all purposes) to the very complex (square foot needs per added-FTE student by level and by discipline, plus subformulas for library, office, service, and other space categories).

Good formulas for instructional space needs are already in use, and others are being developed.

On the other hand, formulas for computing space for organized research and for public service have seldom been attempted, and those in use are crude at best. Some large institutions allocate a certain amount of research space (library and/or laboratory) per FTE research faculty member, others only to graduate faculty, and still others to postdoctorates and graduate assistants as well as regular faculty. No specific formula now in use is recommended here. Much more work must be done on the research function. At the moment, subjective judgment serves as well as the formulas. Public service space is not usually highly specialized or uniquely equipped. Much of this need is met through the regular office space formula.

Certain exceptions or additions to the space generated by the formulas may be justified. Again, these should be considered extraordinary exceptions. Some conditions which may create such needs are: 1) new campuses that must be allowed a certain basic physical plant, regardless of the size of enrollment; 2) shifts in a campus function or role or authorization of some new type of program not included in the formulas (for example, atomic physics with an accelerator); 3) switchovers to different utilities or utility sources (for example, from coal to gas, from central heating to unit heating, etc.); 4) replacements for space lost through fire, tornados, and other natural hazards; and 5) replacement of permanent equipment through breakdown (for example, steam boilers, generators, etc.).

Rehabilitation and replacement of obsolete space pose even tougher issues of fairness and assessing need than does allocating new space. Standards for rating the condition and obsolescence of space are available from various architectural and engineering sources. The technical advisory committee should aid in determining which standards and criteria are to be applied. Criteria should be equitably applied to all campuses on an annual or biennial basis well before the budget is submitted. Technicians permanently or

temporarily employed by the board may apply the criteria to each campus in the state system.

Also at issue between higher education and the state is the matter of construction cost increases. Part of the difficulty can be overcome by building into the budget formulas factors to compensate for inflation. Such costs have been increasing by as much as 8 percent to 10 percent per year. A greater issue with political leaders is the cost increase estimated between the time of budget submission and the time bids are to be let a year or two later. These estimated funds can be included in the appropriation to the institution or can be held as a reserve in the hands of the board for release if bids exceed the budgeted cost of the specified building and equipment.

A major issue among campuses is the method by which priorities are established among all facilities requested. Few agencies have dealt with this issue in a manner satisfactory to the public interest—even if the institutions are satisfied. The take-turns, or rotation, method of allocation is insufficient, especially with the marked differentials in growth between campuses and types of institutions along with the perennial shortage of construction funds.

The method by which each state's priorities were established under the Higher Education Facilities Act of 1963 for obtaining federal construction aid has many merits and few deficiencies. The method is equitable and can be easily understood by all parties. A similar system of setting goals and objectives and then assigning point weightings to them can easily be adapted from 1) state master plan goals (commuter versus residential campuses, urban versus suburban or rural campuses, junior colleges versus state colleges versus universities, undergraduate versus graduate, etc.); 2) the assessment of immediate space shortages by type of space (classrooms, laboratories, offices, gymnasias, etc.); and 3) the desirability of creating new space as against renovation or rehabilitation.

While the criteria to be used and the point weightings should be developed through the interinstitutional technical advisory

committee, staff leadership is essential to be certain that master plan objectives are being promoted rather than impaired and that the more powerful institutions do not override the needs of the colleges and junior colleges. The board should officially adopt the criteria and procedures to be used in setting priorities before their application.

Efficiency standards relating amount and type of space to effectiveness of instruction and research do not exist. Even the norms most frequently used do not have wide consensus. Most operational research has been done on classroom and lab utilization (room use and student station use)—space which may account for 50 percent to 75 percent of all space in small colleges but less than 20 percent in large, complex universities. Research, library, and physical plant space has had little analysis, and much needs to be done.

The construction features of buildings are at least as important as utilization of space in contributing to efficiency. Such features can be analyzed from preliminary drawings prior to bidding and construction. Even discounting inflation in construction costs, the functional proportion of building space per dollar expended is decreasing. The causes for this phenomenon are numerous, but the most important is lack of concern for efficiency by those responsible for design and construction of facilities. Coordinating boards have largely neglected such detail in review of construction budgets. Lump sum recommendations for buildings (or land and parking lots) without delineating a great many particulars are no longer sufficient. More thorough reviews must be undertaken by boards on a building-by-building basis, or some other state agency will be authorized to do so.

Construction and design features that figure in the attempt to gain optimum *functional* space at lowest cost should receive careful assessment. One of the more important considerations is the net-to-gross ratio. Standardized definitions and procedures must be used. The net space (that is, functional space available for achieving the purpose of the building) may range from as low as 40 percent to 80 percent of the gross space (that is, all space,

including halls, restrooms, utility rooms as well as functional space). The ratio depends on the type of building (for example, a gym versus office building) and upon the elaborateness of the design. Architects (and revenue bond attorneys) receive as their fees a percentage of the total cost of the project. They personally may not be concerned about optimum functional use. The architect may be seeking to win a design prize for beauty or setting rather than function. Average net-to-gross ratios for all construction in the late 1950s was about 65 to 35. In some states this has dropped from 60 to 40 or even from 55 to 45. Air conditioning and ventilation features contribute to lowering the ratio but do not account for it all. Buildings need not be tacky-boxes to be functional. Academic as well as other public buildings should represent the best in design, but design should reflect functional beauty.

Another feature to consider in computing optimum functional space is cost per square foot, especially for net functional square feet. Comparisons between campuses and across state lines (using standard definitions and procedures) are helpful. Variances may be substantial for no other reason than elaborate design. Also, in considering elaborateness of design, the construction materials that lessen costs of maintenance must be weighed against low initial construction cost and high long-term maintenance costs. The cost of land is also a consideration. However, that cost, though high, usually does not contribute substantially to the cost per square foot of the building project. High rise buildings are almost always less functional (net to gross) than low rise, because of the need for elevators, wider stairways, and stronger structure below.

GUIDELINES FOR CAPITAL BUDGETING

1. An interinstitutional committee should be established to aid in developing policies relating to capital budget preparation. The committee members should be drawn from the institutional specialists on construction, design, budget, and academic affairs. (In large systems, a committee separate from that used for operational budgets may be desirable, with certain budget and academic persons serving on both.)

2. All guidelines, formulas, criteria, and procedures for development and review of the capital budgets should be prepared in close working cooperation with the interinstitutional committee.

3. Insofar as possible, budget formulas should be used for determining space needs in most categories.

4. Priorities should be established on a statewide basis among the construction projects proposed for each campus, each subsystem, and for the state system as a whole. Such priorities should be generated through use of criteria reflecting state needs as embodied in master plan goals and priorities and their implementation policies.

5. Standards for appraisal of existing space for replacement or rehabilitation should be adopted and be applied commonly to all campuses in the state system, preferably by a group of specialists under the direction of the staff of the board.

6. Individual building projects should be reviewed for their efficiency in construction, especially net-to-gross ratios, cost per square foot of functional space, and kinds of materials to be used.

PROCESSES AND PROCEDURES FOR OPERATING AND CAPITAL BUDGETS

The board and its staff should have regularized timetables and procedures for review of budgets. Due process demands that the institutional officers know of these procedures well in advance of budget preparation. Using the interinstitutional committee to develop procedures facilitates this process. While final control may, in the end, rest with other parties and circumstances, the coordinating and the governing boards and staffs should be fairly clear on their respective responsibilities at legislative and executive hearings. The trend is toward the coordinating board's defending its recommendations and being subject to cross-examination more than the governing boards.

GUIDELINES FOR BUDGET PROCESSES AND PROCEDURES

The following steps suggest a set of procedures that have worked well in practice.

1. The document requesting submission of the budget is prepared by the staff and submitted to the institutions. It contains formulas, ratios, criteria, standards, and procedures that will govern institutional preparation and provides the analytical framework for use by the board staff. Attention is called to all changes made in previous procedures. Special rules, exceptions, and deadlines are clearly delineated. The format is prescribed (often by the state). Particular supporting evidence may be required.

2. Budgets are submitted (sometimes by state rule simultaneously to the governor and legislature), and the staff makes preliminary analysis. The staff raises questions, cites omissions, suggests alternatives—all in writing to the institutions.

3. The institutions respond in writing and submit clarifying data or other support.

4. The board staff and governing board staffs come to agreement on all facts in relation to the budgets. Later disagreements should not arise over factual matters.

5. The staff holds a private discussion session for each institution or subsystem. Budget officers as well as senior administrative officers of institutions make their presentations. They "defend" all nonformula items. Application of guidelines, formulas, and criteria are clarified by the board staff. Additional support may be volunteered or requested. All major issues between the institution and the board staff should be made clear.

6. Final adjustments are made between the staffs.

7. The staff makes its recommendations to the board.

- a. The document describes all procedures, formulas, criteria, and changes from previous submissions.

It calls attention to new policy and guidelines, some of the more critical of which may have been previously adopted by the board.

b. The document reviews major areas at issue with institutions by providing a thorough analysis.

c. The document delineates each major budget category, individual items of new programs, and makeup items and the amount requested by the institutions for each, along with the staff recommendation.

8. At public meeting(s), the board hears the requests and presentations of the institutions. Questions are raised, and additional support or clarification may be requested. The board's staff plays a relatively minor role at these hearings—already having heard the requests and put staff comment in writing.

9. Any requested information or clarification is furnished to the board by the institutions (through the staff and, sometimes, by the staff).

10. At a subsequent meeting, the board makes its decisions on the budgets. The staff recommendations are taken up *seriatim* and acted upon. Campus leaders and the staff may make comment. If real argument develops, it is at this point in the process. The staff must largely argue from its document, although if new evidence is presented by the institutions the staff may offer fresh analysis and data. Generally, what is said and the data presented by either side should not come as a surprise. All evidence should have been presented previously in the document or hearing or as written clarification.

11. The board makes its recommendations to the governor and legislature. The basic document may need to conform to a strict state format. Nevertheless, in a briefer form than the board received and amended it, the political leaders should have the reasoning that underlies the main issues and decisions of the board. The original institutional requests should normally accompany each board recommendation. Summaries of institutional and board recommendations are highly desirable. (Some state laws require a consolidated budget.)

12. In states where the professional state budget legislative and executive staffs hold hearings, both institutional and board staff should participate. Each should be responsible for supporting its own recommendations. (It is not unusual for institutions to form a common front by withdrawing all or part of their own requests when differences occur and to support board recommendations.) Board members are not usually involved in this process. Both here and at the legislative hearings, comparative interinstitutional and interstate data as well as state, regional, and national trends, can be of immense help. Even if such data are regularly published by the board, pertinent portions should be highlighted on these occasions. If the proper liaison has taken place, the board staff already will have informed the political staffs of the details of formulas, criteria, and guidelines. The hearings may require formal defense of their use.

13. At the official legislative hearings, the board is primarily represented by its executive officer, but the amount of persuasive support the chairman or influential board members can offer is too often underrated. Members are busy and usually cannot attend for the discussion on most issues. Nevertheless, the chairman and others should participate in hearings on issues of great consequence to the master plan. Acrimonious debate between the board (staff) and institutional spokesmen should be avoided or minimized. In these hearing situations, the board staff should play a conciliatory role, since the legislators are in the end more likely to accept the board's position than that of the institutions because of the board's lower dollar figures and greater credibility.

6

Data Bases for Planning

Over the long run, a good board and an able staff may attain the greatest operational strength through having more knowledge and data about individual campuses and systems of institutions than any institution or state office and by using such information discreetly and wisely.

Data about all major aspects of the state's institutions, when thoroughly and appropriately analyzed, help implement every objective of the board. At present, most boards recognize the need for certain information systems, but no state yet has developed a system that is comprehensive or mutually supportive and compatible within all information subsystems. The development of such a system is difficult and expensive but is of sufficient value to the board and campuses in most states that it should be undertaken as quickly as possible. (Several states with only a few moderately complex institutions may construct adequate information bases without adopting the more elaborate systems necessary for the larger, more complex states.) It is hoped that what one state adopts may be compatible with other state systems. At present, the most comparable information across state lines is collected by the U. S. Office of Education through its Higher Education General Information Survey (HEGIS). The survey is fairly extensive and includes all types of institutions. Some statewide boards administer

for the federal government the distribution and collection of HEGIS forms, making the reported data available for state purposes much earlier than would be possible with federal publication.

Information becomes more viable and plans are improved as comparisons are made between campuses and with institutions and systems in other states. Comparing past and current trends of the state's institutions with regional and national trends offers a new perspective for viewing institutions' parochialisms, stage of development, and possible alternative future directions.

A management program, national in scope and mostly federally funded, is being directed through the Western Interstate Commission for Higher Education (WICHE). The program has in various stages of development segments of a model program management information system for institutions and for statewide coordinating boards. These systems, if adopted by most institutions and statewide boards, could allow comparison across state lines as well as between institutions in the same state, *providing* individual state or institutional "adaptations" do not destroy the possibility of comparability. The WICHE-PMS systems build on the HEGIS package and are, thus, compatible with it.

Unless political or legal considerations otherwise dictate, each state board should participate in or be kept fully informed of the development of the WICHE Program Management System technologies. Our suggestions and guidelines assume that the WICHE-PMS technologies will be used almost everywhere in the United States. It is imperative that statewide boards and their associations of executive officers take the lead in establishing compatible state systems (including state-aided private institutions) that allow comparison of data outputs across state lines.

One developing trend of particular importance to the educational community is to use educational outputs as a means for setting funding levels and measuring effectiveness of the educational process. Until now funding has been based on student

inputs or on some element in the process (clock hours, credit hours, faculty workloads, etc.). These factors can be and often are manipulated by state budget officers and legislators without much regard to the consequences. If we can measure many of the actual outputs of education (beyond mere numbers of degrees awarded) and set public policy priorities concerning their production, we will be able to avoid the interventions in the input and process now taking place. This possibility may be a consequence of better information systems and greater attention to the specific goals of program budgeting and to management-by-objective technologies.

ESTABLISHING COMPREHENSIVE INFORMATION SYSTEMS

Obtaining the initial agreement of the institutional leaders on the worth of an information system has been difficult, even for a state board. Yet all institutions must cooperate fully if a truly effective system is to result. Board edicts creating such a system are likely to be detrimental to efforts to gain institutional cooperation and insufficient to launch the system without cooperation. Such unilateral actions should be avoided if possible. With current political and popular demand for more accountability and for cost-benefit analyses, institutional resistance is breaking down. Thus, the board staff and institutional leaders, working in a common effort, can avoid much trauma and develop a much more useful system.

Some steps which may be taken by the board are:

- 1) invite the administrative heads, chief budget officers, and institutional planners (faculty and staff) to a planning conference to discuss thoroughly the nature and purposes of such a single compatible statewide system, its advantages and disadvantages to the individual campuses and subsystems of institutions, the difficulties in establishing it and the role of campus personnel in its development;
- 2) obtain consent to establish an interinstitutional committee of top level officers who would be charged with recommending the permanent advisory organization to the board for developing a system, with the interinstitutional budget advisory

committee suggested in Chapter 5 as the nucleus of the new committee; 3) and use the highest staff leadership from institutions and the board in the above endeavors.

The question of the relationship of the various internal operational information systems in institutions (registrar, admissions, alumni, etc.) and the elements that should compose the statewide system must be clarified. Compatibility among operating systems and planning systems is the correlate of this issue. Also, the scope of the system must be determined. Should the system collect all data possible to prepare for any eventuality or limit the inputs and immediate outputs to data with obvious immediate use? The differences in cost are substantial.

A third, and particularly critical, issue centers on the uses and the control of outputs. Some previous efforts to develop cost information comparable across state lines faltered on this very point. Institutions have long been reluctant to reveal to the legislature or to the public information on unit costs, dropout and retention rates, average ability levels of student bodies, and the workloads and characteristics of faculties. Should all information and raw data be made public? Who should determine what should and should not be revealed?

The fourth, and last, issue to be raised here concerns differences in kind and intent of information systems that serve all agencies of a state and those developed for the unique management and planning needs of higher education. We have already suggested that the higher educational information system should be developed in such a way as to make its inputs and outputs comparable and compatible with those of other state higher educational systems. Comparative data across types of educational institutions and state systems of institutions provide the board with its most significant trends and bases for developing possible alternatives in higher education. Almost as important is that legislators and governors invariably make comparisons with contiguous states or those in the region on many subjects, but particularly on higher education.

**GUIDELINES FOR DEALING WITH INFORMATION
SYSTEMS ISSUES**

1. The board should be responsible for developing a statewide, comprehensive, compatible management information system for purposes of planning and operations for the board and for the institutions.

2. The elements in the system should be those with reasonable potential for direct use by the campuses for their planning and operating subsystems and for the board for statewide planning, without trying to anticipate every possible contingency of the future.

3. All elements put in the system must be as compatible as possible.

a. Common accounting and record keeping systems of all the state institutions become essential. (We recommend the American Council on Education-National Association of College and University Business Officers accounting classifications and procedures as refined by WICHE-PMS.)

b. All elements must be defined precisely. (The WICHE-PMS data elements dictionaries are helpful.)

c. Such elements must be entered into common computer programs. (WICHE-PMS is developing such programs for use in several different computer languages and systems.)

4. Agreement should be reached by the permanent interinstitutional committee (with staff leadership) on the public use and publication of the level of analyses and the resulting output data and information.

5. The board must (regardless of institutional consent) be able to use and to reveal at least to the governor and legislature

the outputs that are critical elements in formulas, bases for criteria, or are essential to make the state master plan recommendations convincing.

6. All parties must be aware that the day is over when public, if not nonpublic, higher institutions may selectively withhold vital and available information from public leaders and officials or from their own faculty and students.

7. There are distinct advantages in having the higher education institutions in an information system that allows valid comparisons across state lines. However, certain accommodations may be conceded for higher education without severely impairing a general state system.

8. The definitions of all elements and also the character of subsystems of information used internally for management-operational purposes by institutions should be left to the board and the institutions.

9. Dual or duplicative systems, being extremely expensive to maintain, should be avoided.

PROCEDURES FOR DEVELOPING PLANNING INFORMATION SYSTEMS

The permanent interinstitutional advisory committee on information systems (composition of which was suggested earlier) should undertake the role of general supervisor and expeditor of the management information system. It should: 1) recommend procedures, timing, and objectives; 2) recommend solution to problems as they arise; 3) suggest types of analyses and publications; 4) suggest uses of data and information for institutions and the statewide system; and 5) be watchdog over application of definitions and compatibility of inputs and outputs.

The board staff should lend strong and capable leadership to the state and to the institutions in establishing systems. It should: 1) see that desired data are obtained for board use; 2) prevent a

breakdown in the development of the system because of intra- and interinstitutional disagreements; 3) earn the confidence of campus leadership in creating a system that is at least as useful to the institutions as to the board (at a minimum it should be!); 4) provide in the operating budgets of the institutions sufficient funds to develop and maintain the management systems at an effective level; 5) earn the confidence of the governor and legislature that the system is sound, comprehensive, and useful to the state and the institutions.

Administration of Aid Programs

Besides the normal coordinative functions of planning, program approval, and budget review, statewide boards are often assigned the administration of ongoing activities that may or may not contribute substantially toward primary goals. Direct administration, as distinguished from planning and coordination, is usually considered an institutional prerogative and not one to be exercised by the statewide board. Nevertheless, certain federal and state acts have authorized financial aid and other programs that call for some central statewide administration (for example, state scholarship, grant, and loan programs, the federal Higher Education Facilities Act, the Community Service and Continuing Education, and the Institutional Equipment titles of the Higher Education Act of 1965, and the Technical Services Act of 1965).

Initially, most such programs call for some statewide planning (goals, objectives, priorities) that logically would fall within the board's long-range planning activities. However, the program's ongoing implementation tends to be almost purely ministerial, although requiring central state supervision and direction. In some states, some or all programs of this type have been assigned to state agencies other than the board, or entirely new commissions have been authorized to administer them. Two important problems arise from these programs: If they are administered by more than one

agency, they must be themselves coordinated. If they are all handled by the coordinating board there is a danger that ministerial day-to-day decisions will take precedence in staff energy and time over planning and coordination.

INTRASTATE COORDINATION OF AID PROGRAMS

The administration of financial aid programs for institutions and for students by more than one state agency has several disadvantages and very few, if any, offsetting advantages. First, the goals of the individually developed programs may be in partial or direct conflict with board coordination policy and/or state master plan objectives. Moreover, once established, each agency attempts to acquire additional aid programs or seeks augmentation of those initially authorized. This, in turn, results in greater legislative competition for funds (program and administrative) among the different administering agencies. Finally, waste results from programs working at divergent purposes and from the proliferation of state agencies and duplicative staffs and boards.

The grant programs themselves may be highly desirable but they raise important questions for maintaining the functions and goals of institutions, for approval of new programs of instruction and service, and for financing institutional operations and construction. All the aid programs could be strengthened if their goals and objectives could become an integral part of the higher education master plan. For example, student aid programs directly affect statewide master planning by changing the pattern of flow of students among types of institutions and between the public and nonpublic institutions. Such programs also affect the numbers and kinds of students (sources, abilities, skills, talents) who enter postsecondary institutions and their instructional programs. As the volume of state and federal dollars for these programs increases, so does the impact on these planning elements.

The total planning task can be accomplished most effectively by the coordinating board as it conducts its

comprehensive studies and considers total higher educational needs, thus assuring all programs are complementary and mutually reinforcing.

GUIDELINES FOR COORDINATING AID PROGRAMS

1. All state and federal programs that provide financial aid to higher educational institutions through a state agency should be assigned to the coordinating board for planning and administration.

2. All state and federal programs that provide financial aid to postsecondary students through a state agency should either be administered by the board or be under board overall planning and jurisdiction.

INTERNAL ORGANIZATION AND PRACTICE FOR ADMINISTRATION OF AID PROGRAMS

To bring individual state plans for aid programs into conjunction with overall state master plan objectives normally calls for the involvement of senior planners and coordinators. These are not tasks that should be left to the aid program administrators and their staffs.

Moreover, one of the principal weaknesses found in statewide governing board operations has been the tendency of staff persons with the breadth of knowledge and experience essential for sound planning activities to have their energies consumed by administrative firefighting. To prevent a similar outcome in the coordinating agency that undertakes administrative responsibility for aid programs, the admixing of planning and administrative staffs should be avoided. Not only does separation of staffs conserve the energy and time of the senior planning staffs, it also places full responsibility on program administrators to be effective and devoted (rather than divided in their loyalty) to their central tasks of program operations.

Such separation of activity and staffs prevents diversion away from the primary function of the agency to plan, and also prevents the legal guidelines and procedures required by the federal laws establishing aid programs from dominating the state activities—especially goal setting and maintenance procedures of state master planning and implementation.

The separation suggested here should not prevent clustering related aid programs under a senior level administrator with subordinate staff also involved in one or more programs. As administrative staffs develop their data, keep records, and conduct operational research on their work, these activities should add to the knowledge base for state coordination and planning. At all times, administrative personnel should be considered available talent for contributing ideas to the planning staff.

Whether or not federal law or regulations require it (they often do), coordinating boards have found that the effective conduct of aid and grant programs is greatly enhanced and jealousies and suspicions allayed if a technical advisory committee is formed to help each of them in implementation. The members of such committees usually are selected by the board staff and approved by the board. They are selected not as institutional representatives but as representatives of the various philosophies and points of view regarding program priorities and implementation. Nonpublic institutions as well as proprietary schools are sources to be explored along with public institutions when selecting committee members. All are a part of postsecondary education. Increasingly, federal legislation also mentions proprietary schools as possible aid recipients.

The duties usually associated with such technical advisory committees are: 1) suggesting the initial state plan (with participation by board's planning staff); 2) suggesting policies, procedures, and methods to be used in implementation; 3) recommending criteria for setting priorities among applicants; 4) applying criteria to set priorities where grants are competitive; and 5) conducting special studies in cooperation with the board's planning staff.

An advisory relationship of the technical committees to the board and its staff achieves optimal results. The committee should report to the board through the board's staff, who may also recommend to the board whatever changes in committee recommendations believed necessary for efficient administration and effective long-range planning. It is the staff responsibility to assure that master plan and statewide goals are enhanced by the program and that it is fully coordinated with other board programs and activities. The committees should communicate with institutions, public agencies, and the general public only after specific authorization from the board staff. Some boards have not followed this dictum and have found themselves in confrontation with their own advisory committee in the public arena. It is common practice and good procedure to have the board adopt (with whatever amendments it deems desirable) the program plan, guidelines, criteria for setting priorities, and general administrative policies recommended by each technical advisory committee.

GUIDELINES FOR BOARD ORGANIZATION AND PRACTICE

1. The establishment of the goals, objectives, priorities, and major procedures of state and federal aid programs should involve senior staff planners and coordinators of the statewide coordinating board.
2. Mixing ongoing day-to-day administration with state planning and coordinative functions is not recommended.
3. The technical staffs providing ministerial services for aid programs should be clearly identified as such and should not include principal staff for state planning and coordination.
4. A technical advisory committee consisting of institutional and lay specialists should be formed for each aid program or cluster of related programs, with the committee being free to recommend to the board through its staff the policies, procedures, criteria, and goals to be used in program implementation.

ADMINISTRATION OF OTHER TYPES OF ONGOING ACTIVITIES

Although considered poor policy by administrative experts, some boards occasionally have been assigned by law or executive order the administration of special schools, experimental schools, continuing education, or programs which may not even fall within the realm of higher education (for example, schools for deaf and blind, mentally handicapped, and reform schools).

We do not recommend such assignments. However, if they are made, the guidelines previously suggested should be adapted, using the principle of separation of operating personnel and their administrative activities from the board's primary planning and coordinating staff and functions. In all cases, the chief administrator of the activity should report to the board through the chief executive officer of the board.

Nonpublic Higher Education

State relations with private higher education have become so important and so sensitive recently that a separate chapter on this subject seems in order. The importance is two sided: In most states the nonpublic institutions constitute such an integral part of higher education that comprehensive postsecondary planning would be a misnomer without their participation; conversely, more and more nonpublic universities and colleges are finding that their continuing financial viability may well depend upon increased state aid, direct or indirect. The sensitive nature of the issue lies in the need to reconcile the state's demands for accountability for the expenditure of public funds with the nonpublic institutions' desire to protect their historic autonomy.

State programs that provide aid to nonpublic universities and colleges run the gamut: direct grants, direct grants on a per student or per degree basis, direct grants on a contractual basis (for example, for medical education), facilities assistance grants, state grants to consortia or other interinstitutional associations, state provision of management advisory services and other forms of consultation, state income tax credit for contributions to private institutions, and, finally, a whole variety of state scholarship and tuition equalization grants to students who then relay them to the (private) institutions they are attending.

Since our purpose is to focus on the decisionmaking procedures used to plan and coordinate higher education and not to recommend substantive policies as such, the following pages do not prescribe particular state policies for nonpublic higher education but suggest types of relationships between the coordinating board and the nonpublic institutions that vary according to the degree of their interaction. If state aid to the private sector is minimal, the relationship we recommend is quite casual. If the state is carrying heavy financial commitments to nonpublic universities and colleges, we suggest a more closely linked relationship.

MINIMUM INTERACTION

Probably in every state with nonpublic colleges and universities (two now do not) there soon will be at least minimum participation by them in state long-range planning and its accompanying information systems. The enrollment projections and planned new programs of the nonpublic institutions (hereafter called NPIs) must obviously be taken into consideration in making any realistic assessments of long-term state needs. At this minimal level, the NPIs merely send the projected data in a form acceptable to the coordinating board which, while offering no direct financial assistance for the attainment of such enrollment and program goals, at least takes them into consideration in formulating the goals of the public sector. The state board should also have from NPIs all data furnished the federal government under the Higher Education General Information Systems package.

GUIDELINE FOR MINIMUM INTERACTION

1. For this minimum relationship, representatives of the NPIs should participate in the technical advisory committees that establish the categories and definitions for reporting enrollment data and new programs in the planning process.

MODERATE INTERACTION

At the moderate level of interaction, the state's planning agency for higher education not only receives the proposed

developments from the NPIs but also modifies the proposals, in keeping with what is considered to be a coherent overall state plan. In exchange for accepting long-range plans modified by the state, the NPIs receive relatively *modest state funds* granted according to some formula basis that removes state discretion over their expenditure.

Participation in planning in this manner means that the state may want to suggest modification of mission assignment or enrollment projections larger or smaller than suggested. With cooperation assured on these broad basic points, the state could then justify granting the NPIs some relatively modest form of financial assistance without detailed controls. It might be in the form of larger state scholarships or tuition equalization grants to help students pay the tuition fees of the NPIs. Or aid could be in the form of a direct state subsidy to NPIs, based on the number of students enrolled who receive state grants-in-aid or on certain input or output factors (enrollments, degrees, etc.).

GUIDELINES FOR MODERATE INTERACTION

1. At the moderate level of interaction, representatives of the NPIs should be members of the major planning committees, including the presidents' advisory committee to the coordinating board. NPI representation on the board itself may be desirable but is not essential, as the major state influence on the NPIs is through the planning process and not through the month-to-month operations of the board itself.

2. NPIs should be represented on all committees that recommend policies and conditions under which state funds are given to the NPIs. These committees should also suggest the criteria by which such aid programs are to be subsequently evaluated.

3. The coordinating board should work closely with the state association of private universities and colleges. This association should promote interinstitutional cooperation among the NPIs and

serve as their liaison with the coordinating board. If no such association exists, the coordinating board should encourage its formation.

MAXIMUM INTERACTION

At the level of maximum interaction, over and above the joint long-range planning described above, the state grants *substantial funds* to the NPIs on some *discretionary basis* (that is, not automatically by formula), and, in exchange, the NPIs are subject to some or all of the following board controls: 1) budget review, 2) program review, and 3) capital outlay review

In this kind of relationship, state aid is not pegged to formulas as such but varies according to *judgments* concerning the extent to which NPI programs, present and future, merit heavy state support. Thus, the coordinating board might administer grants of state funds to encourage institutions (public and nonpublic) to undertake academic innovations, to improve management processes, or to expand interinstitutional cooperation in matters of libraries, faculty, etc. Under such arrangements, NPI programs would undergo the same type of evaluation as those of the public institutions. Similarly, if state funds were given for support of ongoing academic functions or construction of new buildings, the coordinating board might rightfully require standards similar to those for the public institutions. Major new NPI degree programs would need board program review for compatibility with mission assignments.

GUIDELINES FOR MAXIMUM INTERACTION

1. At an intense level of interaction, it is essential that NPIs be represented on the board (if the public institutions are) as well as on the committee of presidents and the planning and technical advisory committees. Trustees, faculty, and students from the NPIs should be involved on appropriate board committees.

2. It will be even more important at this level for the NPIs to have their own effective associations as a countervailing force

to possible excessive board controls. However, in judging what is excessive, such associations must realize that substantial state aid will not be forthcoming without serious and detailed cooperation from the recipients in the private sector.

PROPRIETARY INSTITUTIONS

Proprietary schools and colleges are considered a part of postsecondary education. However, because of the nature of the work they offer and their entrepreneurial objective of profit, they have never been accepted as part of the higher educational complex. That day is now past, and proprietary institutions must be considered fully in statewide planning for secondary education. With the major changes now recommended by various commissions (for example, concerning in-and-out of college experiences, external degrees, and credit by examination), these institutions will provide an integral part of the educational experience of many students.

Congress already recognizes this phenomenon by including proprietary institutions in the list of those in which students may enroll with federal grants and work-study awards. Some bills in Congress would even allow cost-of-education supplements (which would accompany each student with a federal grant) to be paid directly to such schools. In the near future, it seems likely that state as well as federal scholarship and student aid programs will accommodate proprietary schools. If so, then they, too, must be included in the planning process in a manner similar to that described for the nonpublic colleges and universities. At any rate, such schools and the opportunities they offer must be considered in state planning efforts by the coordinating board.

GUIDELINES FOR PROPRIETARY INSTITUTIONS

1. The associations and councils of proprietary institutions should be invited to participate, as is appropriate, in

the information systems and the planning processes of the board.

2. The board should include representatives from various proprietary institutions in its advisory and technical committee structure.

3. The proprietary institutions should be subjected to some or all of the same controls imposed on nonpublic institutions, as public funds are provided directly or indirectly for their operation.

Appendix

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